FBIS DAILY REPORT

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ALFONSIN RETURNS FROM U.S., REVIEWS VISIT

PY221129 Buenos Aires TELAM in Spanish 0147 GMT 22 Nov 86

[Text] Buenos Aires, 21 Nov (TELAM) -- Tonight at 2150 local time [0050 GMT], upon returning from his weeklong visit to the United States, President Raul Alfonsin said: Everything went very well. Asked about prospects for the 24 November UN vote on the Malvinas issue, he said: They are good; I should say they are very good. President Alfonsin resumed his presidential duties at Ezeiza Airport in a ceremony attended by Vice President Victor Martinez, cabinet ministers, and senior officers.

In a brief conversation with journalists, Alfonsin said his trip was positive and very important. He added: We held truly interesting talks. I believe we are making progress. We are making ourselves better known and better understood. We are making others aware of our sense of responsibility.

Alfonsin added: We are very satisfied with this trip, which has enabled us to clearly express Argentine positions in several universities.

Asked about the prospects for the 24 November UN vote on the Malvinas issue, Alfonsin said: They are good, I should say they are very good. Asked about future steps in the face of the British position on the Malvinas issue, Alfonsin said: Right now, our immediate problem is the UN General Assembly. This comes first. Then, we will continue to state our position at every international forum.

The president declined to answer questions that were not related to the trip. In reply to a journalist, he said: No, I am just returning.

CAPUTO DISCUSSES FALKLANDS RESOLUTION FOR UN

PY221650 Buenos Aires DYN in Spanish 1147 GMT 22 Nov 86

[Text] New York, 22 Nov (DYN) -- Foreign Minister Dante Caputo has stated that Argentina's demands over the Malvinas Islands are supported "as never before" within the United Nations, and expressed his hopes that "reason will prevail" in solving the conflict with Great Britain and that in the meantime, "cool heads" will prevail.

Members of the Argentine delegation to the United Nations stated that the draft resolution on the conflict, which the United Nations will consider on 25 November, is "identical to the one submitted last year." The sources categorically denied the possibility of a last-minute inclusion in the draft of any mention of the British decision to create a fishing protection zone around the archipelago.

The same sources stated that the British representatives to this international organization are engaged in an "intense propaganda campaign," spreading the rumor that Argentina will, at the last minute, include an amendment in the draft. "They are trying to cause unrest among the countries that have already decided to vote for the draft."

The text of the draft, which was prepared by Algeria, Brazil, Ghana, India, Mexico, Uruguay, and Yugoslavia, is identical to the one submitted last year with the following variation: Under the point urging the parties involved in the conflict to start negotiations, the word "request" has been replaced by the expression "reiterate their request."

In comments to the media, Caputo did not refer to this subject, but said that the British position remains "isolated" in the United Nations.

Caputo would not express his opinion of how the vote would go, saying that "sometimes it is very difficult to review an international matter." "When we say that we seek the path of peace and negotiation, it does not mean that we are doing nothing. Quite the contrary, it means that a great effort is being made to take the path of dialogue," Caputo said.

He pointed out that "one of the most significant developments" at the United Nations in support of the Argentine demands was the content of an FAO draft in which "two justifications" used by the British Government for its decision to expand the exclusion zone around the archipelago "are clearly refuted."

Caputo also said that this draft, which was circulated among the missions represented here, "categorically states that the ecosystem" of the sea around the Malvinas "is not at stake" and that the FAO draft only notes that "the species known as Argentine squid is in danger of being depleted but is being caught beyond the 200-mile limit anyway."

Caputo added that the FAO draft denies that Argentina refused to cooperate with that organization or that the drawing up of a multilateral agreement is necessary, as the British Government maintains.

The foreign minister stated that the FAO report "refutes the British Government's attempt to justify and dramatize" the measure it adopted on 29 October. He added that it even includes "recognition of Argentine cooperation and efforts in the scientific research carried out in the southern sea."

Caputo said that report "is an argument in Argentina's favor, and I am going to use it in my speech on 24 November."

He said his speech will "basically consist of reasoning addressed to the international community."

Caputo said that there "are two means of presenting a position, one is to use pompous adjectives and the other is to reason, which is the style we will use."

Moreover, the Argentine foreign minister said that the Malvinas issue this year is highlighted by the recent developments and that the British decision is interpreted within the organization as a decision mainly linked to that country's "domestic policy."

Asked his opinion of those who criticize the way the Foreign Ministry is handling the Malvinas Islands issue, Caputo said: "The lack of understanding comes from small groups, pockets of underdevelopment, the little Argentina." "There are people who feel they have been shunted aside because Argentina has managed to establish a direct dialogue, without intermediaries, with the great nations," Caputo said.

Praising the attitude of the 20 Latin American countries that expressed their support of the Argentine position to the French Foreign Ministry, he said: "This shows the level of international support that Argentina has obtained."

Point 2 of the draft resolution "requests the secretary general to continue his renewed good offices mission in order to assist the parties in fulfilling what is being requested."

Point 3 "requests the secretary general to submit a report to the 42d Session of the UN General Assembly, which opens on 24 November, on the progress that has been made in fulfilling the current resolution."

The final point of the draft "calls for including the subject of the Malvinas Islands (Falklands) affairs in the provisional agenda of the 42d session."

Argentine sources dismissed the possibility of changes in the votes cast by some countries -- including members of the British Commonwealth. "This would be inadvisable," they said, because these nations "would become the target of British Government pressures."

The Argentine diplomats who were consulted said that the British representatives here are working hard and that British Prime Minister Margaret Thatcher "goes to the trouble of personally contacting the representatives of some countries to urge them to vote against the draft resolution" on the Malvinas issue.

The sources did not comment about press reports that the FRG, the Netherlands, and Luxembourg might review their tradition of abstaining.

The Argentine representatives said that "an annoyance" can be sensed within the United Nations with the British Government measure of 29 October declaring a fishing protection zone around the islands in conflict.

Fishing Agreements Considered

PY222313 Buenos Aires BUENOS AIRES HERALD in English 22 Nov 86 p 1

[Text] United Nations, (NA-DYN) -- Foreign Minister Dante Caputo continued yesterday seeking support for Argentina's stance in its dispute with Britain over the Malvinas Islands, a subject due to come up for debate on Monday in the General Assembly of the United Nations, after winning resounding backing from the Movement of Nonaligned Nations.

It was expected, however, that the General Assembly would pass by a wide majority a watered-down resolution once again urging Argentina and Britain to initiate talks on their differences, while making no mention of recent developments which escalated the dispute.

Diplomatic sources said the resolution would very likely not state that the British decision to set up a 150-mile fisheries conservation zone around the South Atlantic islands would endanger world peace, in order not to lose the support of the United States and British allies in the European Community.

This was specifically stated in a communique issued by the Nonaligned Movement on Thursday giving wholehearted support to the Argentine stance and deploring the British rejection of Argentine proposals to declare an end to hostilities and initiate talks on all issues in dispute, including the question of sovereignty.

There was speculation, however, on the attitude Japan would adopt. Until the announcement of the fisheries conservation zone, Japan was negotiating an agreement with Argentina to fish in south Atlantic waters.

If Japan decided to bow to British demands that a special permit was required to fish around the Malvinas after February 1 -- the date on which the fisheries conservation zone was due to go into effect -- Argentina's position in the UN might be seriously affected, the sources said.

Spain, also negotiating a fishing agreement, and Bulgaria, which already signed an agreement, as well as Latin American nations have all said they would ignore the British demands.

And yesterday, Soviet economist Viktor Volskiy, currently in Buenos Aires, said the Soviet Union, which also signed a fishing agreement with Argentina, would likewise ignore the British requirement.

But other countries such as Taiwan, one of whose fishing trawlers was recently sunk by the Argentine Coast Guard for illegally fishing in Argentine waters, were expected to seek British permission to fish around the Malvinas despite Argentina's claims.

The sources said in such an event the only recourse left to Argentina would be to capture the trawlers and confiscate their catches when they left the British-controlled zone and entered Argentine waters.

They added, however, that Argentina would continue in its efforts to seek a peaceful settlement to the dispute and would try to avoid at all costs any clash with British vessels or aircraft in the South Atlantic.

RAJNERI DEFENDS PAPER'S EDITORIAL FREEDOM

PY211238 Buenos Aires DYN in Spanish 2209 GMT 20 Nov 86

[Text] Buenos Aires, 20 Nov (DYN) -- Education and Justice Minister Julio Rajneri today said that the daily RIO NEGRO is "totally free to express opinions" and that this freedom will not be hampered by the fact that he, in addition to being a shareholder of this daily, is also a member of the national government.

Answering the severe criticism against him by Justicialists Juan Labake and Luis Martinez, he said: "I understand that this is a difficult situation, but it cannot be changed by a person who believes in the rights of a free press within a democratic society."

Labake and Martinez have charged Minister Rajneri with being pro-British on the Malvinas issue, basing their accusation on an article signed by another person and published in the opinions section of the paper.

In an interview with DYN, Rajneri said that he has "entirely" disassociated himself from the board of the RIO NEGRO daily since becoming justice and education minister.

"Nevertheless," he said, "I want to make it clear that, together with the other shareholders, I am responsible for the decision to preserve RIO NEGRO's independence, which has characterized its 75 years of existence."

The minister said he believes "the daily should have total freedom of opinion, and should not be hampered by the fact that I am a member of the national government."

Rajneri also referred to Labake's open letter published in two Buenos Aires morning newspapers, in which he accuses the minister of being pro-British. Rajneri added that "the accusation was made in a signed article published some time ago."

Rajneri also said that "this article was published under an editorial policy, which establishes that the pages of the newspaper are open to express the opinions of all political sectors of the country, as long as these sectors are willing to discuss the problems rationally."

BRIEFS

AUSTRAL DEVALUED -- DYN -- The Central Bank yesterday devalued the austral by 0.96 percent, setting it at 1.16 per greenback. The black market dollar resumed its upward trend, rising by 1.06 percent over Thursday's quotation and closing at 1.42 australs (buy) and 1.43 australs (sell). Few operations and declining interest rates were the outstanding features of the financial market, where call money transactions were registered at 91 and 95 percent for first and second-line banks. [Text] [Buenos Aires BUENOS AIRES HERALD in English 22 Nov 86 p 3 PY]

JUSTICIALIST OFFICIAL RESIGNS -- (NA) -- Deputy Herminio Iglesias yesterday resigned as secretary-general for the Justicialist Party according to lawyer Pablo Allende, who also revealed the Iron Guard leader is planning to found the 17th of October National Movement. In other party news, the Federal Capital Peronist Youth will hold the first primaries in the history of its existence with the participation of the Renewal, Liberation and Revolutionary branches of the movement. [Text] [Buenos Aires BUENOS AIRES HERALD in English 23 Nov 86 p 15 PY]

MNR TO REMOVE 'INDEPENDENTS' FROM CABINET

PY221555 Paris AFP in Spanish 1350 GMT 22 Nov 86

[Text] La Paz, 22 Nov (AFP) -- The ruling Nationalist Revolutionary Movement (MNR) has decided to remove the independent ministers from the Cabinet, so in the next few days there will be a Cabinet crisis. This was reported today by the MNR National Political Committee.

The independent ministers, who are believed to be close to the Nationalist Democratic Action (ADN) of General Hugo Banzer Suarez, Bolivian president from 1971 to 1978, are: Finance Minister Juan Cariaga, Information Minister Herman Antelo, Mines Minister Jaime Villalobos, Energy Minister Carlos Morales, and Defense Minister Luis Fernando Valle.

The MNR is led by President Victor Paz Estenssoro, and its Political Committee stated, after a long evaluation, that it can no longer continue to defend the mistakes of the independent ministers, who have damaged the image of President Paz Estenssoro. The MNR Political Committee particularly criticized the mines minister for his ineffective dealings with the mineworkers, and for the return of the Totoral Mine to its former owner, who has been accused by the Mineworkers' Federation of fraud and tax evasion.

In view of the situation just described, the MNR has decided to take full responsibility for political leadership, and not to share it with the independent ministers. The current Cabinet was installed on 22 January of this year. It is the second team of ministers to serve Paz Estenssoro since the MNR returned to power on 6 August 1985 after the elections.

Report of Reshuffle 'Unfounded'

PY232042 Paris AFP in Spanish 1651 GMT 23 Nov 86

[Text] La Paz, 23 Nov (AFP) -- President Victor Paz Estenssoro's private secretary Eduardo Olmedo Lopez today said that the president does not intend to reshuffle his Cabinet or change his government's economic policy.

Olmedo Lopez said that reports of a Cabinet crisis are unfounded, although he admitted that the ruling MNR [Nationalist Revolutionary Movement] Political Committee met on 21 November to analyze the national situation and the government administration. Meanwhile, MNR national leader Jose Luis Harb released a document stating that party leaders met to study the situation in the mining and health sectors and to discuss the situation with the appropriate ministers. The document also states that reshuffling the cabinet and appointing new ministers is the exclusive prerogative of Victor Paz, as president of the Republic.

ANTIDRUG COMMAND SWORN IN BY PRESIDENT

PY221427 La Paz La Red Panamericana in Spanish 1700 GMT 21 Nov 86

[Text] President Victor Paz Estenssoro today swore in the officers who will head the forces charged with repressing drug trafficking.

During a long meeting at Government Palace, which was attended by the president, the interior minister, and the members of the Antidrug Trafficking Commission, measures were studied that the Executive Branch should take with the support of the organizations having the specific task of eradicating illegal drug operations. After the meeting, Information Minister Herman Antelo made the following report to the newsmen accredited to Government Palace:

[Begin Antelo recording] As you know, the Americans have transferred to our country a certain amount of war materiel, and left training personnel here. By agreement with the United States, the availability of funds has been guaranteed so that we can continue our struggle against drug trafficking. The command that will be in charge of this new stage will include the following: the Police commander, presently General Raul Escobar; Colonel Jorge Rengel, head of the National Dangerous Drugs Control Directorate; Colonel David Molinas, representative of the Bolivian Air Force; Major Roman Camacho, representative of the Army; and Corvette Captain Roger Loayza, representative of the Navy. [end recording]

The members of the command that will conduct the operations to repress drug trafficking will give a news conference on 24 November to explain the goals of this new stage in the struggle against drug trafficking that the country will be undertaking immediately, Minister Herman Antelo said.

Valle on Antidrug Effort

PY212213 La Paz EL DIARIO in Spanish 15 Nov 86 p 1

[Excerpt] National Defense Minister Dr Luis Fernando Valle yesterday reported that the police forces who were trained abroad will today start their struggle against drug trafficking. He added that logistical support will be provided by the Armed Forces.

The defense minister confirmed today's arrival in Santa Cruz of a U.S. Galaxy cargo airplane, transporting six 1U-II helicopters that will be delivered to the Joint Task Command [Commando de Tareas Conjuntas] to be used in various operations, especially in eastern Bolivia.

Valle stated that everything has been arranged, espoecially concerning the training of the personnel who will be charged with the struggle against drug trafficking.

"One group has been trained in the country to conduct the operations while another group will be trained abroad. This will allow us to conduct this task, a task that must be undertaken by all Bolivians. Only together will we be able to eradicate this malady from our country," Valle stressed. [passage omitted]

OFFICIAL DENIES SALAZAR HAD CONFIDENTIAL REPORTS

PY221755 La Paz Red Panamericana in Spanish 1700 GMT 21 Nov 86

[Excerpt] Justice Under Secretary Carlos Vargas has obtained documents proving that murdered Deputy Edmundo Salazar Terceros did not possess any confidential information. To prove this, Vargas gave newsmen a copy of a telex from Santa Cruz District prosecutor Dr Antonio Santillan Escalante.

The telex refutes allegations by Deputy Mario Velarde, vice chairman of the joint congressional committee that investigated the Huanchaca case. A few days ago, Deputy Velarde charged that Deputy Salazar Terceros had given confidential reports to the Santa Cruz prosecutor on the identity of the people who committed the Huanchaca triple murder. The most important part of the telex says: It is entirely untrue that Edmundo Salazar has disclosed confidential details of the Huanchaca case, because those details are handled exclusively by the National Police. [passage omitted]

ACTING MINISTER FAVORS DIALOGUE WITH CHILE

PY221433 La Paz La Red Panamericana in Spanish 1700 GMT 21 Nov 86

[Text] Acting Foreign Minister Jorge Valdez has denied news reports that the Bolivian consul general in Chile has stated that Bolivia should resume relations with Chile. Jorge Valdez said that Bolivian Consul General Jorge Siles Salinas has also denied those reports, so it is confirmed that they are not true.

Regarding Bolivian-Chilean relations, Valdez said that conflicts can only be overcome through dialogue. He added: I believe that the two countries have been turning their backs on each other for a long time without discussing their problems. He pointed out that such an attitude does not benefit either country.

BRIEFS

BID LOAN -- La Paz, 13 Nov (AFP) -- The BID (Inter-American Development Bank) press office today announced that the BID has granted a $100-million loan to Bolivia. The loan is intended for the agriculture and livestock and industrial sectors. The communique notes that the loan will be used to promote the domestic supply of goods, exports, and import substitution, and to strengthen the Central Bank of Bolivia. [Text] [Paris AFP in Spanish 1325 GMT 13 Nov 86 PY]

MINISTERS EXPLAIN CRUZADO PLAN CHANGES

PY212358 Rio de Janeiro Rede Globo Television in Portuguese 1759 GMT 21 Nov 86

[Statements by Finance Minister Dilson Funaro, Planning Minister Joao Sayad, and Labor Minister Almir Pazzianotto at press conference at Finance Ministry auditorium in Brasilia -- live]

[Text] [Funaro] Gentlemen, on 28 February, we launched an economic plan that would free Brazil from the indexation process and the very high inflation rates with which we lived for so many years.

We, all of us, made a great effort. We defeated the very high inflation rate Brazil was experiencing. In the past 8 months, under the Cruzado Plan, we managed to somehow reconstruct a basis to enable Brazilians to work with increasingly fairer salaries, to live in a country that was and is making progress, and to enjoy a better distribution of income.

I think that we all know very well what has happened in our country. In February we began to examine daily the distortions that occurred during this period in which we managed to free ourselves from the indexation process.

On 28 February the main objective was to make the final modifications to the Cruzado Plan in February 1987, and to end indexation in the Brazilian economy once and for all.

By August, a few months after the plan started, we felt that the economy was growing at a rate that would cause definite problems in the furure. Our consumption rate was increasing monthly so we knew that it was important to adopt some measures to curb this domestic consumption. We all saw what was happening.

This year's demand for some products grew 300, 400, and 500 percent over last year's. For example, the average domestic industrial profit reached nearly 30 percent.

Last year Brazil's growth rate increased 8 percent, and this year it will grow 10 or 11 percent. Therefore, the last 2 years represent approximately a 20-percent growth rate, which is the world's largest.

Of course this created some problems that had to be handled. By August we had brought these problems under control. What did we do in August? We really tried to curb consumption through some necessary measures. That is, we increased prices precisely for those people who consume more.

What happened after August? Despite 28 percent increases in gasoline and fuel alcohol prices, Brazilians consumed 10 percent more fuel in September. In October we consumed 10 percent more than in September. This trend, this strong demand, continues. From February to October, our fuel alcohol consumption increased by 31 percent.

If we consume, and we have to consume, then this is not unusual. On the contrary, it is very important for a nation to develop, to consume, to have the possibility of improving its standard of living.

However, when we look at things from the viewpoint of production, such as the typical case of alcohol, we can see that if we continue to consume alcohol in the same quantities as this year it will mean that the sugarcane producers would have to increase their planted areas by 31 percent and there would have to be 31 percent more refineries in order to meet the amount of increased consumption that we had between February and October.

Therefore, matters were becoming unworkable, so instead of waiting for the year-end festivities to conclude, and waiting for February to carry out the reforms and do away with indexation, we thought that we should move up the date for the reforms. We resolved that it should be today.

The main measures we have adopted have been implemented in order to move up those measures that we would have implemented on 28 February 1987, in other words, the de-indexation of our economy.

When we implemented this plan in February, salaries were indexed to an inflation schedule. Savings accounts, the Service Time Surety Fund, the Social Integration Program, the Social Assistance Program, contracts, etc. were indexed to the OTN [National Treasury Obligation]. Today we have done away with the OTN.

How is this going to work? Savings accounts are evidently protection against inflation. They earn 6-percent interest per year and we will never leave the Brazilians who have savings accounts unprotected. Savings accounts are linked to the LBC [Central Bank Certificate] which produces open market [preceding term given in English] interest rates. Savings accounts will today receive the open market rate and the 6-percent annual interest rate. Therefore, savings accounts are fully guaranteed against the inflation process.

The second most important point of the de-indexation is the abolition of an economy that was more concerned about indexes than the Brazilian population.

The reform of the Cruzado Plan, the talks, and all the debates, in which the country's best minds participated, have indicated that the Cruzado Plan could not succeed because indexation had such a strong hold on the economy.

When the Cruzado Plan was implemented it did away with an indexed process and did in fact help the nation improve. I believe that there is not one Brazilian who doubts that these past 8 months have been the best months we have seen for a long time. Brazilians have lived without inflation, they did not have a 300-percent inflation rate to face. This is a legacy that we are receiving. We have done away with an inflationary process.

The second point pertains to national limitations, such as energy and steel. This is a process that will have to wait, it needs time for the investment to come to fruition. However, our projections indicate that next year we will have a 4, 5, maybe 6 percent growth, but we cannot repeat this year's 10 percent or 11 percent growth rate. We do not have the electricity to achieve this year's growth next year.

How can we try to slightly reduce demands? This demand also influenced a process of stability, of national consumption, which included our exports.

With the exchange rate policy we are outlining the rules of the game, showing how the exchange rate will behave in the future. We will be announcing an exchange rate, and if there are any variations they will be daily variations. If we find it necessary, at any certain time, we will devalue the Brazilian currency.

In the past 8 months, since we implemented the plan, and based on our estimates, the cruzado has lost 2 percent of its value. The currencies that are not linked to the dollar decreased in value on the international market -- that is, appreciated regarding the dollar. Therefore, the cruzado in these past 8 months has devalued in relation to all these other currencies by 17 to 31 percent. Therefore, today the exchange rate of the cruzado is as competitive as it was on 28 February when we implemented the plan. If there is any need for it to fluctuate, it will be on a daily basis and there will be no maxi devaluations. There will be daily devaluations that will not have harmful effects on the exchange rate process.

The internal demand was so great that there were decreases in our surplus. As you know, in September the surplus decreased to $700 million, and in October we had a very low surplus which only amounted to $200 to $300 million. Up to 21 October our projections indicated a surplus of $600 to $700 million, but during the last 10 days of October, due to many rumors of a devaluation, most of our exports were paralyzed. This affected October's surplus.

Due to these events we must program our country's future with the desire to slightly decrease our growth. We do not want to return to recessive measures, but we have to brake the velocity of Brazil's economy. Brazilian reserves, about which there was a lot of speculation during this process, are fluctuating between $5 and $6 billion. We have an optimum level of reserves which allows us to change the country's course without having to face any great problems.

With the measures that we are implementing we can find ways to decrease the country's demand. I want to explain our ideas, what we are doing, and why we are increasing the prices of some products.

The easiest way for a person who is managing the economy of a country to contain demand is to increase the income tax. Well, if we evaluate the base of the Brazilian income tax, we find that income tax mostly affects people who are earning between 10 and 25 minimum monthly salaries, and this is the bracket that pays the most income tax in Brazil.

We have asked, forced, the people to make compulsory savings on top of paying income tax. Now to ask them to pay two income taxes per year would mean that every Brazilian family would be affected. It would mean affecting persons who could never comply with this payment

What did we do? The government's principles -- and President Sarney insists that we abide by them all the time -- indicate that we defend the people who earn a low income. The five monthly minimum salaries have not been affected by any of the measures that were adopted today. That means that 82 percent of this nation's workers have not been affected.

Therefore, that is the defense we must make, which must guarantee that salaries will not lose their purchasing power in the future. Today the Brazilian population has sufficient buying power to guarantee its basic needs. This guarantee cannot be affected by measures that could jeopardize the ability to meet these basic needs.

We have all the details on the problem of increased demand for medicines and food. It is the lower income bracket that today has a larger purchasing power and can thus meet its basic needs. What has been done? We have again increased the tax on five final products, products which are consumed by people with the higher incomes. Unfortunately, our country still is a country in which only 10 percent of the population owns automobiles, slightly more than 10 percent in fact. The large majority of the population does not have automobiles. Just 10 percent of the population consumes most of the gasoline and alcohol.

Unfortunately, we have to come up with a process that will allow us not to collect taxes for the government, but to reduce Brazilian demand. In this process then we have to increase the price of gasoline and alcohol, cigarettes, alcoholic beverages, and automobiles, even public utility rates, such as electric energy. I will tell you, gentlemen, who was affected in this process, and why we had to do it this way. A broad disucssion is going on in Brazil, contending that we have to withdraw subsidies from wheat. We have studied this possibility in depth. Think that all of us who pay taxes are contributing 39 billion cruzados to the Treasury, and subsidies to wheat represent 22 billion cruzados -- that is, more than 50 percent of the taxes collected from all individual Brazilian taxpayers.

It so happens that each product or foodstuff that we subsidize by more than 50 percent allows those who do not have fixed incomes to pay affordable prices for bread and wheat products. We really analyzed this situation. If we should remove the subsidies, even creating an emergeny bonus for the workers, we still will have nearly 6.5 million workers or people who do not have permanent jobs in Brazil. Government social surveys have found that all those who consume bread and wheat products in the slums will not have the chance to receive that bonus.

The mechanisms to distribute the bonuses to that sector of the populations are very difficult to implement. Therefore, we opted for a different mechanism: We increased the prices of alcoholic beverages and cigarettes in order to finance the subsidies on wheat. We did this instead of increasing the price of an essential item such as bread by 30, 40, or 50 percent. We chose to increase the prices of gasoline, cigarettes, alcoholic beverages, and automobiles to subsidize the consumption of wheat products.

Thus, I want to tell you, gentlemen, that in fact the measures that have been adopted will bring in 160 billion cruzados, a heavy burden, compared with the measures adopted under the FND [National Development Fund] instituted in August which collected something on the order of 45 billion cruzados. Of the 160 billion, 140 billion will go to reducing the domestic debt, not to make government investment, because what we want is to reduce demand.

An extremely important point of this reform refers to the expenditures and management of the government -- two aspects on which we are acting because we are sure that we can control demand if we can only effectively control the government's expenditures and investments, as we are already doing every day. This is being done through a broad administrative reform which has already been implemented in some sectors, such as the Federal Savings Bank which has already closed 200 branches in the past 3 months and laid off 10,000 people in training.

Thus, we are cutting the government expenditures and cost in order to guarantee the efficiency and modernization of the Brazilian state apparatus. A Japanese export bank, the Japanese official Export-Import Bank which finances the operations of the largest exporting country in the world with the help of 170 officials can be taken as an example.

We really need to have an efficient government at the federal, state, and municipal levels. It is exactly along these lines that the administrative reform is being conducted.

We have taken a series of measures, some to help the exporters and to give them incentives, others to permit their access to the economy. These measures I will leave for the question and answer session that will follow the remarks to be made by Planning Minister Joao Sayad and Labor Minister Almir Pazzianotto. Now I can only tell you, gentlemen, that in building a nation, just as in conducting our personal lives, we may run into obstacles. There is no country in the world that can fight an inflationary process without the need to make corrections and readjustments.

Meantime, we have to wait for investments that turn out to be productive and yield results. No nation can simply lead an organized life without undergoing alterations in its economic process. The important thing is that the changes in the Brazilian economic process are made following the principle of defending the less fortunate, because when we analyze the GDP, we can see that 1 percent of the wealthy command 14 percent of the GDP, and 50 percent of the needy only 13 percent. Certainly, Brazil has been clamoring for a distribution of income. Now, the government has proceeded to do just that. It is using all its resources to make a just distribution of income. We will then continue with this great economic reform and great national changes.

In some cases, the measures will favor consumption. In other cases, the measures will seek to decrease demand as do those we have adopted today. I am sure that there is no other way at this time. We have given a lot of thought to choose the easiest road, with the least amount of sacrifice. We certainly opted for the road on which the people who need to consume those goods are left with options. Increasing income tax on compulsory savings would have left them no option. The tax on automobiles, for instance, is 80 percent at the beginning, and through the decree, that tax will decrease by 10 percent in April 1987. I really expect that by containing demand now, we will be able to announce further tax decreases as time goes on.

I will now ask Minister Sayad to talk about the administrative reform.

[Sayad] I will quickly describe the measures that President Sarney is approving today. These measures consist of three parts. In the first place, as the finance minister said, the measures complement the Cruzado Plan which was launched on 28 February 1986. It must be understood that the measures that have been approved today reinforce the Cruzado Plan. The price freeze is maintained.

In the second place, other measures have been approved which definitively extinguish the monetary correction based on price indexes. The new readjustments are all based on LBC [Central Bank Certificates] interest rates, and the monetary correction is limited to salary readjustments based on the escalator clause. In the same way, the government is committed to maintain the prices of the basic household products basket for the workers, which captures the prices of products that are considered essential; that is, the prices of products consumed by the lower income workers, the prices of products that are essential to the workers' subsistence. In addition, other measures of a fiscal nature were adopted with the objective of reducing the rate of growth of the Brazilian economy to the level of 6 percent. These measures are intended to curtail domestic consumption without hurting the income of the workers. These measures are aimed at encouraging savings by raising taxes on consumption, but not on the income of workers. Taxes are increased on the IPI [Industrialized Product Tax], not on incomes.

In the third place, the government continues with its efforts to implement an administrative reform and to reduce public expenditure. To this effect, a set of measures has been adopted -- some of which you already know -- to complement the administrative reform which is desired by the government.

As you already know, the BNH [National Housing Bank], Coalbra [Coke and Wood Alcohol Inc], Conesg [Northeast General Services Company], and Alune [Northeast Aluminum Company], have been liquidated. In addition, some state-run enterprises were incorporated into other enterprises: Petrasa [Part. [not further identified] Transportation Company] was incorporated into Petrobras, Arsa [Rio de Janeiro Airports Inc] was incorporated into Infraero [Brazilian Airport Support Enterprise] and Alcanorte [North Rio Grande Alkalies] was incorporated into the National Alkalies Company. As part of the effort to reorganize the public sector, the hiring of personnel has been prohibited until the end of 1987. Delegations and offices of ministries that do not have specific activities and which operate nationally have been closed. A decree was signed restricting the granting of loans and guarantees to banks alone.

A limit has also been set on the financing of pension funds by public enterprises. Today, those funds often have excessive participation of resources from the public enterprises or from the Treasury. Henceforth, those funds will have available a maximum of twice the resources contributed by each worker. In addition, the utilization of resources from the National Treasury for this type of financing has been banned. A list has been prepared for the disposal of mobile and fixed properties of public enterprises totaling 9 billion cruzados. Negotiations were initiated for the transfer of 18 supply centers, currently in the hands of COBAL [Brazilian Foods Company], to state and municipalities in an effort to decentralize, which is part of the administrative reform strategy.

The IBGE (Brazilian Geography and Statistics Institute) will initiate its administrative reform by liquidating four directorates, and by gradually reducing its staff. A new law on bidding has been submitted to the president for future approval by Congress which is intended to clean up, speed up, and streamline the bidding process. Furthermore, measures have been adopted for the purpose of deregulating the Brazilian economy. One measure, among others, ends the need to obtain a charter for the operation of tourism agencies and hotels. This is the beginning of a process of deregulation which is part of the government's administrative reform effort.

These are the most important measures in the area of administrative reform, which are part of the government's strategy of reducing its expenditure. This is all the information I can give you, gentlemen.

[Funaro] I want to give you, gentlemen, important information regarding the price policy. The freeze will be fully maintained. The fact that five consumer products, such as cigarettes, cigars, beverages, and automobiles will have their prices readjusted does not mean that the freeze policy has been altered as a government policy. We will continue to have price lists. If a small reduction in demand is obtained, this will help us very much, because a strong demand only enables some people to start demanding payments above the price list -- as has already been done. Now, what we are going to do together is to re-initiate the whole process of maintaining the price freeze.

We conducted a broad survey in Brazil and found out that the lower-salaried workers do not make payments above the list price, because those people defend the listed prices. The higher bracket people, perhaps because of their high income, did not fight to maintain low prices and opted for paying more. Therefore, it is the will of all of us to maintain low inflation, and I am sure that together we can do it.

[Pazzianotto] One of the greatest concerns about this readjustment of the Cruzado Plan, for obvious reasons, is the question of salaries. Our attention was concentrated on the question of the escalator clause, the so-called salary-readjustment trigger. There were persistant rumors and speculation about the removal of the escalator clause. The government, obviously, had a commitment on this, one of the most solemn and important commitments with the working class. The government knows that this question of the salary-readjustment trigger is of the greatest importance, not only for salary earners, but for the whole economy, including businessmen. This is so because, to the extent that there is confidence and credibility, the negotiations between employees and employers -- negotiations that frequently involve the state itself through the Labor Ministry -- tend to proceed more smoothly and more simply, more calmly.

The government has not yet decided on answers to some questions that have been raised regarding to the application, if necessary, of the escalator clause. Here the government has adopted a decision that does nothing but repeat what has been the unquestionable law and in use throughout the country for more than 30 years. I have read some interpretations in the press, but the promulgation of the regulatory decree will eliminate every doubt. In general what we can assert is that the employer will continue to have an absolutely free hand to grant some advanced readjustments before the salary renegotiation base date. And in granting advances voluntarily before the base date, of course he will not hurt his own interests. An advanced granted will be taken into consideration at the base date, according to our tradition and history of labor relations, as it will in the eventuality of the application of the escalator clause. This will be the case except in those situations when no advances have been granted, but real salary increases have been made. This has been ruled by the Labor Court in several resolutions regarding collective salary bargaining.

I believe that it is important to note that in this whole process, at this time, the government has not only tried to preserve, but has preserved the interests of the working class, as will be demonstrated beyond doubt in the near future. With these readjustment measures the government wants to maintain the growth of the economy at an acceptable rate, within a tolerable limit according to objective conditions; it wants to maintain the labor market; it is attentive to the need to create new jobs; and it proceeds within a policy of redeeming the social debt, and with its policy of improving salaries.

Price Increases Detailed

PY220059 Rio de Janeiro Rede Globo Television in Portuguese 2155 GMT 21 Nov 86

[Excerpt] Finance Minister Dilson Funaro, Planning Minister Joao Sayad, and Labor Minister Almir Pazzianoto announced the reforms of the Cruzado Plan this afternoon in Brasilia.

The changes begin with the price increase on several products: Gasoline and fuel alcohol are 60.16 percent more expensive as of today. Gasoline now costs 9.77 cruzados a liter and fuel alcohol 6.35 cruzados. The price of diesel fuel and bottled gas was not increased.

The price of a car increased 104 percent, including the refundable tax which is still being applied. Electricity rates can increase from 0 to 40 percent. This readjustment may vary according to the rate consumption.

The price of sugar will increase 25 percent; of medicines: an average 6 percent; mail service: 80 percent, regular mail increased from 50 to 90 cents; telephone: 30 percent; cigarettes: 50 to 120 percent, according to the brand; alcoholic beverages: 100 percent.

CNG DENIES MAFIA PAYMENTS IN PALACE ATTACK

PA230159 Madrid EFE in Spanish 0458 GMT 22 Nov 86

[Text] Bogota, 21 Nov (EFE) -- The National Guerrilla Coordinating Board (CNG), which consists of several Colombian guerrilla groups, today denied charges that the M-19 received $5 million from drug traffickers to attack the Palace of Justice last year.

A CNG communique described as "vile and slanderous" an international news report that the mafia paid the M-19, a member of the guerrilla coalition, to attack the Palace of Justice on 6 and 7 November 1985 "and to kill the members of the Supreme Court."

Several Colombian newspapers today published a Washington datelined report that attributes the information to "government officials who asked not to be identified."

The guerrilla communique insists on blaming the incident -- in which the president and 10 other judges of the Supreme Court, as well as 100 other people, were killed -- on President Belisario Betancur and his defense minister, General Miguel Vega Uribe. Bega Uribe is currently Colombia's ambassador to Portugal. "This is a continuation of the campaign of negative propaganda implemented by the instruments of the CIA and the Pentagon," the CNG communique added.

ELN CLAIMS ATTACK ON ECOPETROL PIPELINE

PA230306 Buenos Aires REUTER in Spanish 1955 GMT 22 Nov 86

[Text] Bogota, 22 Nov (REUTER) -- Left-wing guerrillas have blown up the main Colombian pipeline for the second time this month, paralyzing the transportation of 70,000 barrels of oil per day, said a spokesman from ECOPETROL [Colombian Petroleum Enterprise].

Yesterday's explosion, claimed by the Army of National Liberation (ELN), follows a series of similar attacks carried out in the past four months. There is a 1-meter hole in the pipeline due to the bombings which occurred near Samore, in the area bordering Venezuela. The ECOPETROL spokesman was unable to say when pipeline could resume normal oil transportation. This pipeline links Cravo Norte, the main Colombian oil field, with Cobenas, a Caribbean port.

The ELN announced -- by way of leaflets left at the site of the attack -- that it will continue to attack foreign possessions in Colombia. The U.S. Occidental Petroleum Corporation has interests in the Cravo Norte oil field.

13 PEASANT AUTHORITIES KILLED AFTER RAID

PY212025 Paris AFP in Spanish 2208 GMT 20 Nov 86

[Text] Lima, 20 Nov (AFP) -- The Peruvian Congress Human Rights Commission on 19 November received reports of the killing of 13 peasants, among whom were authorities of the towns of Pomatambo and Parcco, located in the Ayacucho department, 575 km southeast of Lima. Eyewitnesses reported that on the night of 23 October, 40 soldiers from the Vilcashuaman military detachment broke into a Pomatambo house injuring and arresting seven community leaders who were preparing provisions for a sports festival. The eye witnesses reported that the soldiers later took the community leaders away.

The following day, 24 October, the Armed Forces Joint Command reported that there had been clashes with subversives in the area.

Those who reported the incident later went to the military base to learn the fate of their relatives, whom they believed were being detained. There they found the bodies, which they were able to identify because of the clothing and among whom they found the body of Jose Fernandez (48), the late mayor of Pomatambo, and those of other community authorities, they gathered the ashes [as received] and buried them.

Andres Gutierrez, Federico Fernandez, and Ignacio Pizarro, who reported the incident, have also reported that six other people, among whom was Reynaldo Ramirez (55), late president of the city council and his two young sons, were also killed at the downtown square in Parcco.

On October 24, the Armed Forces Joint Command issued a communique in which it reported that armed patrols had clashed with armed subversive groups on 22 and 23 October in the Pomatambo and high-Parcco regions. According to the communique 13 subversives, among them Claudio Bellido Huaytalla, alias Comrade Caszelli, who was identified as third-ranking in the Shining Path organization after Abimael Guzman and Julio Cesar Mezzich, had been killed in the clash.

The peasants who reported the incident to the human rights commission and the attorney general's office state that the people killed were not unidentifiable subversives but community authorities who were massacred in an unjustified and merciless manner.

CIVIL GUARDS PUNISHED FOR REPRESSING MINERS

PY211358 Lima Radio del Pacifico in Spanish 1300 GMT 21 Nov 86

[Text] Interior Minister Abel Salinas last night reported that four Civil Guard agents and three Civil Guard officers have been punished for attacking United Left [IU] Deputy Manuel Cortez Fernandez and for the excesses that were committed against miners who on 17 November held a demonstration in front of the Economy Ministry.

The interior minister also reported that the 10 miners who were arrested for attacking the police and for destroying government property will be placed at the disposal of the courts.

In his almost-1-hour-long report to the Chamber of Deputies, Abel Salinas did not identify the policemen responsible for the excesses, or the Civil Guard captain, major, and commander who ordered the repression.

LIMA ELECTORAL COURT DISMISSED FOR VIOLATIONS

PY221535 Madrid EFE in Spanish 0309 GMT 22 Nov 86

[Text] Lima, 21 Nov (EFE) -- The Peruvian National Electoral Court (JNE) today dismissed all members of the Lima Provincial Electoral Court, which was in charge of the municipal election in the capital, on charges of "violating the mail."

JNE President Alejandro Bustamante Ugarte said the records will be sent to the attorney general, who will proceed with the investigation and punish those responsible. Bustamante said the members of the provincial court had violated mail addressed to the National Court.

At the time of the dismissal, the provincial court, presided over by Luz Aurea Saenz, was recounting the votes of the 9 November municipal election in the different districts of Lima Province. Bustamante also said that Socorro Ponce Dioses was named to replace Aurea Saenz in the presidency, and that Saenz and the other newly designated members will continue the work of their predecessors.

According to the United Left [IU], the election was fraught with "grave irregularities." Lima Mayor Alfonso Barrantes, president of the IU and candidate for reelection, said there were "fraud attempts." The IU has presented two petitions to the JNE requesting the annulment of the Lima election.

Unofficial forecasts, released on the day of the elections, showed Jorge del Castillo, candidate of the American Popular Revolutionary Alliance, APRA, defeating Alfonso Barrantes by a narrow margin.

IU STUDYING GARCIA'S PROPOSAL TO JOIN CABINET

PY211554 Lima Radio del Pacifico in Spanish 1300 GMT 21 Nov 86

[Text] The government has reportedly offered some posts to the United Left [IU] when the APRA [American Popular Revolutionary Alliance] restructures the Cabinet in January.

Reliable IU sources yesterday reported that IU leader Alfonsin Barrantes, who is also the major of Lima, had commented to the members of the IU board about the proposal that was reportedly made to him by President Garcia.

The proposal has been reportedly rejected by the PUN [National Union Party] and the UNIR [National Union of the Revolutionary Left] but Barrantes had insisted that the groups that support him within IU, among which is the Socialist Revolutionary Party headed by Manuel (Danmer Egoaguirre) and other independent political groups, should study the APRA proposal.

IU sources reported that Garcia had made this proposal to Barrantes during the meeting they held after the municipal elections.

U.S.'COVERT OPERATIONS' ATTEMPTS REPORTED

PA212144 Mexico City EL DIA in Spanish 18 Nov 86 p 1

[Text] Washington, 17 Nov NOTAMEX -- Besides diplomatic tensions, the differences between the United States and Mexico regarding Central America have resulted, on at least two occasions, in proposals of U..S. "covert operations" against Mexico.

"Covert operations" normally include a campaign of "filtered" intelligence information to the press and the creation of foreign and domestic pressure to influence events or policies. Informed sources have said that the latest foolhardy attempt took place last year, but was suspended because of the 19 September earthquake. The same sources said that the CIA followed the Chihuahua State elections "very closely."

Moreover, the newspaper THE MIAMI HERALD stated last Sunday that in 1983 and 1984, officials of the National Security Council (NSC), which advises the U.S. President, proposed a "covert program" to persuade the Mexican Government to change its policy toward Nicaragua and El Salvador. THE MIAMI HERALD added that "the proposal included trade sanctions and the financing of opposition groups." It stated that they were never implemented because of the "prevalence of calmer heads who argued that U.S. national security could be in danger if Mexico were destabilized."

Mexico was mentioned in an extensive article on covert operations that were carried out or that failed during Ronald Reagan's administration. The article mentioned, among others, the financing of armed groups such as the anti-Sandinist contras, the press campaigns to influence news coverage of the Central American situation, and the financing of Hissein Habre in Chad.

According to THE MIAMI HERALD, the CIA and the bureau of Political-Military Affairs of the NSC headed by Colonel Oliver North are in charge of carrying out these operations. Informed sources told NOTIMEX that the attempt in 1985 started when steps were taken to create a press campaign against Mexico that began on 17 September by means of a "leak" to a rightist Washington newspaper that stated that two Soviet Navy ships, supposedly carrying nuclear weapons, would visit the port of Veracruz.

The publication of the information was denounced in Congress by rightist Senator Steven Symms. However, the operation was suspended because of the earthquake.

Moreover, according to sources questioned by NOTIMEX, the CIA assigned at least three agents to follow the elections in Chihuahua, basically to investigate the people's feelings, voting trends, and possibilities of violence. According to the sources, the CIA envoys issued a report in which they predicted the victory of the PRI candidate, but announced numerous victories for the PAN [National Action Party] in municipal and legislative elections.

SEPULVEDA WRITES TO EL SALVADOR ON HUMAN RIGHTS

PA240101 Panama City ACAN in Spanish 1920 GMT 23 Nov 86

[By Ricardo Chacon]

[Excerpt] San Salvador, 23 Nov (ACAN-EFE) -- Mexican Foreign Secretary Bernardo Sepulveda has told his Salvadoran counterpart, Ricardo Acevedo Peralta, that talking about human rights or the dialogue for peace between the government and guerrilla forces in that country does not imply interventionism.

The Mexican foreign secretary sent a letter to Acevedo explaining certain points of his foreign policy as regards El Salvador. Sepulveda's note is a reply to the protest presented by the Salvadoran Government on 24 October for a critical document.

Mexico, Sweden, Peru, Algeria, and Yugoslavia presented a document to the United Nations concerning human rights and the civil war which has been going on in the country for over 6 years.

Acevedo Peralto criticized the Mexican proposal quite strongly, asserting: "We view the action with sadness; while the Mexican people help the earthquake victims, the government does not understand that time has passed." The Mexican foreign secretary expressed his surprise to Jose Napoleon Duarte "for the tone and language contained in a message, which are improper for two states that maintain cordial relations."

Sepulveda's letter, reported by a local newspaper, adds: "We admit that President Duarte's government has put into effect policies aimed at improving respect for human rights in El Salvador."

"Nevertheless, despite the progress achieved, special (UN) representative Pastro Ridruejo, whom your excellency quotes in your note, has also reported that grave violations of human rights still exist," the letter adds.

"He has specifically referred to the perpetration of political crimes, an increase in the number of political prisoners, and the existence of legislative laws that are incompatible with international standards concerning human rights," the note asserts. [passage omitted]

SEPULVEDA DISCUSSES 'FATALISM' IN PEACE EFFORTS

PA231900 Hamburg DPA in Spanish 1614 GMT 23 Nov 86

[Text] Mexico City 23 Nov (DPA) -- Mexican Foreign Secretary Bernardo Sepulveda has said that "the ghost of war" has already entered Central America. Sepulveda stressed that it seems as if a sort of "Greek tragedy" is taking shape in the region and that it will inevitably have a "highly tragic" finale.

In a television interview, which was partly published today, Sepulveda, one of the mentors of the Contadora Group's peace efforts in Central America, said that "we are noticing a political unwillingness from the Central Americans themselves to negotiate and try to settle their differences." Sepulveda pointed out that "this situation is similar to a Greek tragedy because there seems to be a fatalism in which an inevitable war is implied." Sepulveda explanined that when "the possibility of a war in Central American is mentioned, I am first of all concerned about Mexican interests." The consequences of that war would be "very serious" for Mexico, Sepulveda stressed, and he promised to do everything "within our reach" to avoid a war.

Sepulveda pointed out that Contadora probably continues to be the sole option, "but that depends on a political decision that Central Americans must make." He emphasized the principle of nonintervention that all states, within and without the region, have to respect. Sepulveda said that in any case, the essential responsibility is in the hands of the Central American governments themselves. "They have to make their decisions autonomously, so they protect their real, national interests and avoid the danger of war," Sepulveda added.

PEMEX DIRECTOR MEETS WITH VENEZUELAN MINISTER

FL220401 Mexico NOTIMEX in Spanish 0318 GMT 22 Nov 86

[Excerpt] In Venezuela, PEMEX Director Mario Ramon Beteta has called for a more reasonable international oil price, which he said should be about $18 a barrel.

During a meeting with Venezuelan Energy and Mines Minister Arturo Hernandez Grisanti, Beteta called for an increase and stabilization of prices because brusque and pronounced drops affect world production and damage the economy of [oil] producing countries. Beteta criticized the increase in U.S. oil import taxes and said this action is an international obstacle and an undesirable precedence for any negotiation. [passage omitted]

BELIZEAN FOREIGN MINISTER CLOSES OUT VISIT

Meets Senate Leaders

PA231537 Mexico City UNOMASUNO in Spanish 21 Nov 86 p 4

[By Roberto Santiago]

[Text] For the Mexican Senate, the integration of Latin America continues to be one of the most important formulas to achieve widespread progress in the region; in the case of Mexico's relations with Belize, the Senate believes that possibilities exist for a stable exchange that will be mutually beneficial and that will have important results. Senate leader Antonio Riva Palacio Lopez said this on 19 November at a meeting with Dean Barrow, Belizean foreign and economic development minister and attorney general.

The Belizean official said that his country has always deplored the superpowers' repeated efforts to exploit the Central American conflict and because of this, Belize laments the militarization of the area and warlike solutions, "formulas that have been sought as a way to resolve the conflicts in the region."

Minister Barrow added that because of its limited financial resources, Belize has not been able to actively participate in the search for peace in Central America. Nevertheless, he added that "we have used every opportunity to support the efforts of the Contadora Group and its support group because we are convinced that in Belize it is essential that a regional solution be found through the political and peaceful path with the participation of the forces of the Central American area."

During the meeting, the delegations of the two countries expressed interest in developing the recently established parliamentary relations, which will be continued through periodic reciprocal interparliamentary visits. In this regard, Riva Palacio Lopez said that the next interparliamentary meeting between the two countries will be held in Belize at a date and location that has yet to be set.

Questioned by Senator Victor Manzanillo Schaffer regarding the Malvinas Islands conflict in view of Belize's relationship with Great Britain, Minister Dean Barrow explained that his country is convinced that the principle of self-determination of peoples is involved in this problem and, therefore, "in the context of applying such a principle, we believe that the residents of the Malvinas are capable of deciding by themselves their own destiny."

"We are not in favor of colonialism but if the people of the Malvinas decide to maintain their current relationship with Great Britain, we would be inclined to respect that decision."

Replying to Senator Alfonso Zagbe Sanen, Barrow said that Belize is not in any way willing to accept the presence of U.S. troops in its territory because this would be viewed as a provocation by the nations of the region, "a situation that we will not permit and that obviously no one in Belize favors."

Cooperation Agreements

PA211316 Mexico City EL NACIONAL in Spanish 19 Nov 86 p 3

[Summary] Mexico and Belize signed a scientific cooperation agreement yesterday. In addition, they signed an agreement for the exchange of prisoners so that they can serve their sentences in their own country. Mexican Foreign Secretary Bernardo Sepulveda Amor and Dean Barrow, his Belizean counterpart, signed the agreements.

Concludes Visit

FL210333 Mexico City NOTIMEX in Spanish 0047 GMT 21 Nov 86

[Excerpt] Mexico City, 20 Nov (NOTIMEX) -- Belizean foreign minister Dean Barrow returned to Belize today after completing an official 3-day visit to Mexico City. [passage omitted]

PETRICIOLI OUTLINES 1987 ECONOMIC POLICIES

PA231730 Mexico City EL NACIONAL in Spanish 21 Nov 86 p 2

[Article by Ignacio Sachman Torres]

[Text] The country's economy is not about to undergo indexation. We are not going backwards. On the contrary, in 1987, the government's economic measures will be credited for reactivating the economy, reducing inflation, and increasing the real income of Mexicans. After we overcome aspects of our economy, in 1988, we will begin a true process of reduced inflation [desinflacion], economic reorganization, and internal and external balance. Mexican Finance and Public Credit Secretary Gustavo Petricioli made these comments during his appearance before the Chamber of Deputies on Wednesday.

The inflation rate for next January is expected to be 6-7 percent. However, by the end of 1987, the monthly rate could be 3.5 percent, owing to the process of economic reorganization that Miguel de la Madrid established when he took office as the only viable means to overcome the crisis.

Gustavo Petricioli appeared before the full Chamber of Deputies to explain in detail the general criteria of the economic policies and the 1987 tax bill for the federation. He was queried by 14 deputies representing the country's 9 political parties. He replied to their views and comments on financial matters. The meeting at the San Lazaro Legislative Palace lasted 12 hours.

In view of criticisms and observations regarding diverse topics of our economy, Petricioli said that the government does not have geniuses but rather responsible officials who are only thinking of Mexico.

He was asked about unemployment. Petricioli replied that it was not widespread but rather structural in nature. Funds from abroad will permit the creation of new sources of jobs.

Petricioli said that in 1986 the average inflation rate will be approximately 100 percent. However, without the government's measures, the monthly inflation rate would have climbed up to 100 percent, the official remarked. Gustavo Petricioli stated that the Government is not hiding the difficult situation Mexico is experiencing. This situation chiefly began abroad as a result of a lack of exports, a drop in the price of oil, and the cancelation in the importation of basic products and component parts for the productive plant.

We cannot let the economic crisis lead us into politically irrational actions, he said. We must reinforce our unity around the nation's interests. We must change our habits and attitudes, work more and better, and eradicate vices, waste, and disorganization.

The hearing with the finance and credit secretary began at 1212 and ended exactly 12 hours later. The lawmakers extended the time limit to give their views and comments, but their freedom to do so was not curtailed. The secretary explained to them about the national campaign to combat tax evasion. In this respect, he said that a structural change in the Mexican system will permit the government to regain its capacity to collect taxes by expanding the tax base, and eliminating the inflationary spiral that is hurting the tax base, increasing the public deficit, and feeding the inflationary process.

Petricioli rejected views expressed by the left to the effect that Mexico has lost its independence and sovereignty regarding the mandates of international banks, the World Bank, and the IMF.

He said: The rules of the game are not complied with blindly. On the contrary, international organization have agreed to modify their conditions in Mexico's favor and to approve adjustments that traditionally have been untouchable.

BRIEFS

DRUGS CONFISCATED -- Judicial police agents have confiscated 3 tons of marijuana and 53 kg of pure cocaine in Sinaloa State. The drugs were going to be introduced into the United States and had a black market value exceeding 500 million pesos. The drugs were discovered after intercepting a trailer. The drug was hidden in a metallic tube adapted to the length of the car where several types of cardborad boxes were found. [Except] [Mexico City NOTIMEX in Spanish 0112 GMT 21 Nov 86 FL]

COCAINE SEIZURES, ARRESTS -- A 2-kilo shipment of pure cocaine was seized yesterday by authorities in Mexico City's international airport; the drug was from South America and was destined for U.S. markets. Another shipment, this one containing 12.5 kilos of pure cocaine, was seized the previous day. The drug was brought by Victor Hugo Espinoza Mejia, a Bolivian, who was traveling with his wife, Maria Eugenia Torrelvo to the United States. [Summary] [Mexico City EL UNIVERSAL in Spanish 19 Nov 86 p 26 PA]

BELIZE

NATION 'TO LOSE MILLIONS' AFTER MEXICAN BOYCOTT

FL212346 Belize City THE BELIZE TIMES in English 16 Nov 86, p 10

[Text] Contrary to the strong advice of importers, custom brokers and others involved in the intransit trade, the UDP [United Democratic Party] administration raised the administrative charge on goods passing through the port in bond for Mexico from 2 percent to 4 percent. This 100 percent increase was protested vehemently by the merchants in Chetumal and the state of Quintana Roo.

When the Esquivel government refused to listen, the Mexicans decided to arrange their own shipping direct to Puerto Morelos and Progresso and boycotting the Belize port completely.

Reports are that Belize stands to lose millions in revenue not to mention a further contraction in an already depressed economy. More workers will be laid off at the port and on the waterfront and the decline in the in-bond trade will have a direct adverse impact on the commercial life of Belize City.

The minister of finance is only now trying to reverse himself and to rectify the wrong, shortsighted policy he implemented last year. By statutory instrument No 99 of 1986, which came into effect on the 10 November, 1986, the administrative charge has been reduced from 4 percent to 3 percent.

Commented one distraught businessman, "this may be too little too late."

COSTA RICA

MINISTRY REJECTS NICARAGUAN BORDER CLOSING

PA221606 Paris AFP in Spanish 1535 GMT 22 Nov 86

[Text] San Jose, 22 Nov (AFP) -- The Foreign Ministry has announced that it will not close its border with Nicaragua, which the Sandinist government requested as a measure to prevent border attacks and as a condition for withdrawing its suit at the ICJ.

A document released yesterday by the Foreign Ministry stated that Managua's request -- which was recently made through unofficial channels -- "tries to tell the world that Costa Rica's neutrality is not real and that there is good cause to have doubts about it." The request for closing the border will not even be considered because "it is vital that Costa Rica reject any Sandinist attempt to turn its internal problem -- in which our country is not involved -- into a bilateral conflict.

Nicaragua, which filed a suit 2 months ago at the ICJ against Costa Rica and Honduras, accusing them of lending their territories for contra activities, has reported attacks from those two nations and has said it fears these will be repeated.

Managua had previously proposed a joint patrol of the borders with its neighbors but this proposal was also rejected by Tegucigalpa and San Jose.

Meanwhile, the Costa Rican Airlines Company (LACSA) will open during December and January a new San Jose-Managua-Miami route despite the protests of some Costa Rican pilots who believe it is "dangerous" to pass through the Nicaraguan capital.

Because of the U.S. trade embargo against Nicaragua, the Nicaraguan airline AERONICA cannot fly to the United States.

EPS 'Entrenched' Along Border

PA240118 Paris AFP in Spanish 2249 GMT 23 Nov 86

[Excerpts] Ciudad Quesada, Costa Rica (AFP) -- People who are "alarmed by the winds of war," have begun to receive official instructions on what to do in the event of a "disaster" in northern Costa Rica, while the Sandinists have reinforced the border in the event of a U.S. "invasion," official sources reported here. [passage omitted]

Residents of the area interviewed by AFP voiced their "fears" that a U.S. invasion will provoke "harm and Sandinist reprisals" against Costa Rican territory. Some said these reprisals might even occur now, when "there are rumors circulating to the effect that some North Americans are installing some radar antenna" in an area protected by armed men on top of Platanar Hill. Ciudad Quesada is located on the slopes of this hill.

Rural Guard authorities said in Ciudad Quesada that they have "information about the work being done there by some North Americans," but that "this is a matter that concerns the National Security Office" in San Jose. [passage omitted]

Meanwhile, Colonel Misael Valerio, chief of the Civil Guard command of Los Chiles, which is comprised of some 400 to 500 men, (?told) AFP that they have detected an unusual reinforcement of the EPS along the border in recent days "as if they were expecting something." According to Valerio, the Sandinists have some 10,000 to 15,000 men distributed along the bordering San Juan River. The men are well entrenched and have mortars, helicopters, and planes, he added.

On the other hand, residents of the area told AFP they have observed the situation along Isla Chica, Crucitas, Cooperative de Los Chiles, Chamorrito, Chamorro, Boca Sarapiqui, and Boca San Carlos, and that everything confirms what Valerio has said. They added: "There are groups of 100 Sandinists every so often, about 500 meters from the border, and they work until very late at night, clearing the mountains and the terrain as to prepare landing strips for planes and helicopters."

The residents of the area also confirmed that planes arrive at night flying from Costa Rica; they drop packages attached to parachutes along the border and then leave.

The authorities are investigating these charges, but have not reached any conclusions yet, Deputy Security Minister Rogelio Castro Pinto said this week.

REBEL 'WAR COUNCIL' TO MEET IN SAN JOSE

PA232225 Buenos Aires REUTER in Spanish 1843 GMT 23 Nov 86

[By Phil Davison]

[Excerpts] San Jose, 23 Nov (REUTER) -- Tomorrow, Nicaraguan rebels will inaugurate a war council [consejo de guerra] in an attempt to put together a unified military and political strategy to overthrow the Sandinist government in Managua.

The 2-day "Assembly of the Nicaraguan Opposition Unity" (UNO), which will be held in San Jose, Costa Rica, will work to overcome internal differences and will launch a new political and military offensive following the renewed U.S. economic support, rebel sources reported. [passage omitted]

UNO sources said that they hope the assembly will give new strength to the movement, which has been unable to advance on the battlefield in 2 years. According to the sources, the main objectives of the meeting are:

1. To plan a new war strategy stemming from the $70 million in weapons the organization will receive early next year. (Of the total aid package of $100 million, $27 million will be used for medicine and food, and $3 million will be used to monitor the rebels' actions regarding human rights, a frequently disputed topic)

2. To show unity and to work on a public relations strategy that will improve the image of the organization and present it as a possible political alternative to the Sandinists. As part of that strategy, greater prominence will be given to the UNO, a relatively new political organization, and less importance will be given to the FDN, which is the main rebel army. [passage omitted]

The new public relations campaign which the rebels hope to organize, will also have the goal of overcoming several reports that indicated that to finance the war, they resorted to drug trafficking, that their main leaders pocketed most of the U.S. support, and that their combat troops continuously violate human rights. [passage omitted]

GARRON MEETS HERNANDEZ, ANNOUNCES CONDECA ROLE

PA230012 Paris AFP in Spanish 1554 GMT 22 Nov 86

[Text] San Jose, 22 Nov (AFP) -- After meeting with General Jaime Hernandez, his Guatemalan counterpart, Public Security Minister Hernan Garron Salazar has announced in San Jose that Costa Rica will join the Central American Defense Council. Garron explained that a Costa Rican official will participate in Condeca as an "observer" beginning next year. Condeca was created by the Central American armies in 1963 to defend themselves against an eventual "foreign military aggression."

Although Condeca was dissolved after the 1969 war between Honduras and El Salvador, there has been a noticeable interest on the part of various nations, notably the United States, to reactivate it.

Central American military representatives met in Panama this week. Among those present was Guatemalan General Hernandez who visited San Jose yesterday while returning to his country.

Garron told the local press that Hernandez had presented an invitation to participate as an observer in Condeca's Executive Council and that this has already been "defined and authorized."

ARIAS DISCUSSES DEBT, INTERNATIONAL ISSUES

PA212015 San Jose Radio Reloj in Spanish 1200 GMT 21 Nov 86

[Text] During a speech broadcast on television last night, President Oscar Arias said foreign indebtedness constitutes a serious obstacle for development. He said the principles guiding our debt renegotiation are clear, because their goal is to allow the country to grow first so it can pay its debts.

Arias called for an end to accusations against parties and the government for the accumulated debt, and for unity to pay it off, to achieve the best conditions, correct mistakes, and reach a consensus on the use of savings abroad and the use of those funds for future development. According to President Dr Oscar Arias, the best option for the country is to sign an agreement with the IMF guaranteeing financial stability. However, he recalled that to sign an agreement, the 1987 budget must be balanced and based on healthy resources.

Arias reaffirmed his government's objectives in the economic field. These include maintaining and consolidating stability, increasing traditional exports, diversifying production, opening new markets, and transforming the export sector into the motor of development.

During the address, in which he analyzed his first 6 months in office, President Oscar Arias maintained that the Central American situation has worsened. He recalled that our neighbors are at war, and that the war is intensifying and will be prolonged; therefore, we must prevent it from reaching us. Arias Sanchez pointed out that what happens in the area has economic, political, and social repercussions for us, and that our policy is to stay away from all armed conflicts by advocating neutrality. Arias believes that Costa Rica's position at the international level has been strengthened and will be further strengthened in the future. He pointed out that during his administration, he and the foreign minister have made various efforts to strengthen peace in the country. We also sought to ensure that the national position is understood and supported, he said.

Arias also commented on Nicaragua's suit against Costa Rica at the International Court of Justice, and the threats to peace that government poses in his opinion. During his speech last night, President Arias said the country needs an exemplary and professional foreign service with the appropriate resources. He said he plans to hold talks with the opposition to establish an adequate diplomatic service. Through dialogue, he will also seek the cooperation of other parties for his efforts in the foreign service area.

EL SALVADOR

HABIB MAKES 'SURPRISE' VISIT TO DUARTE

PA211805 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 21 Nov 86

[Text] Philip Habib, special White House envoy to Central America, was in San Salvador at noon [yesterday]. He met with President Jose Napoleon Duarte.

There has been no official report on the subjects they discussed, but it has been established that they talked about Contadora, the Salvadoran situation following the earthquake, and the additional U.S. aid for $300 million for the countries of the area.

Habib's surprise visit to El Salvador was the third stop on a tour through Central America and Colombia to gain information about matters of regional interest. This is the fifth time the special envoy has come to El Salvador. He flew in from Costa Rica where he met with President Oscar Arias. Salvadoran official sources reported that Habib left yesterday for an unnamed Central American country.

Rebels Comment on Habib Visit

PA220258 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 22 Nov 86

[Text] Philip Habib, Reagan's representative who implements the U.S. war policy in Central America, has just met with Napoleon Duarte. What they discussed has been kept a secret.

Habib has come to El Salvador at a time when the U.S. policy toward Central America is experiencing serious hardships because of strong opposition to it inside the United States. Another factor in these hardships have been the difficulties created by Eugene Hasenfus' statements saying that the Ilopango Air Force base is the strategic supply center for the Somozist contras. He also said there are several centers in San Salvador directing those CIA operations against Nicaragua.

Due to the activities of the press during the earthquakes near the safes at the embassy, the U.S. Pentagon has been forced to change its plans. This is why Philip Habib has come: to inform Duarte of the change in plans against Nicaragua. The Salvadoran regime is lending installations and the necessary infrastructure for the flights that drop military supplies to the Somozist contras.

In his next trip to the United States, Napoleon Duarte will ask for more millions of dollars. Reagan will not simply give this money away because imperialism gives nothing for free; there must be some sort of exchange.

In this regard, Philip Habib has come to El Salvador to establish the conditions for granting more aid. Those conditions consist of nothing less than Napoleon Duarte's increased involvement in the war against Nicaragua. The U.S. interests are not only centered in Ilopango and other Salvadoran bases to support the contras but on the Salvadoran islands in the Gulf of Fonseca. They are interested in this area to install bases for the Somozist counterrevolutionaries.

Every time the Duartist regime urgently needs the oxygen of the U.S. millions, Reagan imposes new and bigger requirements in detriment to our national sovereignty. This is why Philip Habib has come.

These new steps against our sovereignty and national independence by Napoleon Duarte make the national liberation struggle more urgent, just, and necessary.

GUATEMALA

CEREZO VIEWS TRIPS, DISCUSSES NICARAGUA

PA212326 Guatelama City Radio-Television Guatemala in Spanish 0400 GMT 21 Nov 86

[Text] Today in Guatemala City, President Vinicio Cerezo attempted to justify the travels he and his close aides continually make, during a roundtable organized by the Businessmen's Council [Consejo Empresarial]. Cerezo explained that when his presence is not essential, he delegates the responsibility to others. A case in point is that his wife, Raquel Blandon de Cerezo, traveled to Africa in October.

[Begin Cerezo recording] A case in point is the tour my wife is currently conducting in Africa, in the Kingdom of Lesotho, where the United Nations invited us to open a meeting on human rights and world peace, with special emphasis on opposing racism and apartheid. We did not expect to attain all the objectives set forth as part of the overall scheme of the [travel] program. We asked Raquel to represent us, and as always, she is doing so brilliantly. The president will not attend this event.

We were invited to an economic theory event in Colombia to discuss the development of small businesses. The president will not go. He has asked the vice president to go.

We were invited to an international conference of Christian Democrats in Venezuela that will take place in late November. This is not necessarily part of the [travel] program because it implies a strictly party-to-party relationship. Other party leaders will be sent.

The tours have several aims: first, to obtain financial support to reorganize and reactivate the economy; second to obtain support for the institutionalization of democracy; and third, to seek opportunities to show international leadership.

These were our aims when we went to Europe. In addition to these aims, in Europe -- as we have attempted to do all over the world -- we attempted to present a realistic picture of what is happening in Guatemala. [end recording]

During the roundtable held at the El Dorado Hotel, President Cerezo discussed the Central American conflict and set forth the government and Army's position on it.

[Begin Cerezo recording] The (?Central Americans) do not want us to defend them, while they want to defend us at all costs.

The Central American problem is not a matter of [words indistinct] we say: All right, so let's not be neutral, let's invade Nicaragua. Approximately 500,000 people would be necessary to invade Nicaragua.

True, there is an army saying that it is consolidating a process that is possibly not democratic, or totally pluralistic, and this creates internal conditions for confrontation. That is a mistake, because it will destroy Nicaragua.

So, let us say that we had to assembly 500,000 men. We would have to contribute with our share, particularly those who want to get involved in the process [as heard]. We are currently criticizing the increase in the military budget. However, we would have to triple the numbers of the Guatemalan Army to participate in an adventure of this sort. It would imply increasing the Army budget and recruiting not only peasants in the provinces, but also 18-year-old boys who are our sons, to go and confront them. Why? Because we have to kill communists? [words indistinct] defend ourselves.

What if suddenly we end up involved in a war and an aircraft pilot decides to drop a 500-pound bomb on (El Quichoy), and the water, [as heard] destroys a dam that cost $1 billion contributed by Guatemalans?

We must be very responsible when we address the matter of getting involved in a conflict that was not caused by Guatemala. The conflict must indeed be resolved. However, our domestic and foreign policy demand that Nicaragua's conflict or any other international conflict must be resolved through peaceful means.

The problem of war -- as Dr Gallardo said -- is that one side puts up the bodies and the other side puts up the bombs. If Guatemala's infrastructure is destroyed, if there is a war in Nicaragua -- and there might be a war next year -- what kind of conditions for investment will there be in Central America over the next 2 or 3 years amid a war of those proportions?

On the other hand, neutrality gives us leeway for several things. First, we are remaining aloof from a conflict that could lead Guatemala to unnecessary destruction. Second, we are gradually strengthening a policy to defend Guatemala's interests first. This creates conditions for more investment and greater possibilities for economic development. And third, we are creating conditions to coexist with other countries. [end recording]

LEAL ESPINOSA, CEREZO DISCUSS BELIZE ISSUE

FL211748 Mexico City NOTIMEX in Spanish 1359 GMT 21 Nov 86

[Text] Guatemala City, 21 Nov, (NOTIMEX) -- Ramiro Leal Espinosa, member of the ruling Guatemalan Christian Democratic Party, has acknowledged that the basis for negotiation on the problem with Belize is an outlet to the sea for Guatemala.

Likewise, Leal Espinosa indicated that another basic negotiation problem is that the people of Belize have never been willing to accept that they are part of Guatemala and proposed the case be totally solved by disregarding the statement that Belize is part of Guatemala.

The Guatemalan president met this week in Miami with Baroness Young, British deputy foreign minister, with whom he discussed the Belizean matter.

Quinonez Denies Statement

PA212216 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 20 Nov 86

[Passages in quotation marks recorded]

[Text] Today, President Vinicio Cerezo returned to Guatemala amid strong criticism for his apparent support for the country giving up its century-old claim on Belize. The president has not made any further comments following his statements on Sunday in Miami during an international conference. However, political and citizen groups have criticized Cerezo's stance to the effect that for the sake of peace and good relations with Belize, Guatemala should modify its attitude regarding this territorial problem.

This afternoon, after receiving honors in accordance with his rank, Cerezo boarded the presidential car accompanied by his personal secretary and left the military airport without giving any statements to the press. He was with his personal presidential secretary, (Sara Miguel de Ramirez).

Later, Foreign Relations Minister Mario Quinonez Amezquita, who traveled with Cerezo to the United States, denied that the president had stated that it would be advisable for Guatemala to renounce its claim against the UK over Belize.

[Quinonez Amezquita] "I was present at both of the president's speeches. One was the CBI [Caribbean Basin Initiative] speech and the other was the speech he gave at Emory University in Atlanta. I can assure you that at neither one did the president say he is giving up claims on Belize. I categorically deny this. Any reports along those lines have been distorted.

"The president said exactly the same thing he said at the United Nations: That he is willing to look for a peaceful solution, an agreement with Belize, and to try and integrate the Belizean community into Central America. This is a far cry from any news report you may have received to the effect that Guatemala is giving up its claim over Belize."

Foreign Minister Quinonez Amezquita stated the government's position on how Belize could integrate into the Central American community:

[Quinonez Amezquita] "The idea is for a cultural, social, and gradual integration through university-level education. A gradual integration through trade -- that is the only way. Tourist exchange would be another way. However, we are not going to give up Guatemala's claim over Belize, and I said this very clearly at the OAS. We have to find mutually acceptable formulas, solutions. That is something else."

[Reporter] "Could we recognize Belize as one more Central American country?"

[Quinonez Amezquita] "If we arrived at an agreement with them, yes, but only as long as the Guatemalan people approve it in a referendum, because the country's Constitution specifies that any agreement that is reached must be submitted to a referendum. Therefore, the Guatemalan people are the only ones who have the sovereign power to approve or disapprove any agreement."

Quinonez Amezquita added that several solutions will be sought to come to an understanding with the people of Belize.

[Quinonez Amezquita] "We have to look for various solutions, various integrated solutions -- not just one. That has been the mistake in the past, to stubbornly stick to solutions that have no possibility whatsover. If you want to come to an agreement with someone, you must yield. If both sides start out by saying they want it all, then no agreement can possibly be reached."

[Reporter] "Does the government intend to resolve this conflict over the Belizean territory during this period, or will it leave it for the next administration?"

[Quinonez Amezquita] "That is up to the Guatemalan people. They are the only ones who can approve any [words indistinct]."

[Reporter] "But the government has the initiative."

[Quinonez Amezquita] "The government has the obligation to seek paths of understanding, but the only one who can approve these paths of understanding is the people."

Meanwhile, General Hector Gramajo established the Army's position regarding the Belizean problem.

[Gramajo] "Regarding the Belizean issue, the Army goes a long way back. On 16 March 1981, the Army general commander announced the 16 bases for an understanding. He made the announcement to the national and international press at the Center for Military Studies. Do you remember that?

"Five years have passed, we have had a constituent assembly, and we now have a new Constitution that gives more flexibility to the executive branch to tackle that problem and we are [words indistinct]."

[Question indistinct]

[Gramajo] "Perhaps. We have repeatedly recognized the separation of the branches of the nation. We are just an element that supports the three branches."

GOVERNMENT TO CREATE 'SPECIFIC AFFAIRS MINISTRY'

PA221907 Guatemala City Cadena de Emisoras Unidas in Spanish 0050 GMT 22 Nov 86

[Text] According to Guatemala's domestic budget, a new ministry will begin operations in January 1987 with an annual allotment of 1.2 million quetzales. The new bureaucratic entity will bear the name Specific Affairs Ministry [Ministerio de Asuntos Especificos], which will be in charge of doing much of President Cerezo's excess work.

According to rumors in Congress today, where the 1987 budget has been approved, the new ministry will be headed by current Congress President Alfonso Cabrera. The rumors are in keeping with statements given by Cabrera, who said he would retire from Congress with special permission in January 1987.

HONDURAS

HABIB MEETS AZCONA OVER NICARAGUAN 'ISOLATION'

PA211831 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 21 Nov 86

[Text] The presence in Honduras of Philip Habib, President Reagan's special envoy, attracted great attention yesterday. Mr Habib met with Honduran President Jose Azcona Hoyo last night at the president's residence amid strict security measures. The topics discussed at last night's meeting have not been disclosed.

Habib arrived at President Azcona's residence with U.S. Ambassador Everett Briggs amid strict security measures both inside and outside the house. It was unofficially reported that the main topic of the talks was an analysis of the political situation in the region. Some international dispatches reported by this station yesterday indicated that the current mission of the super ambassador, as Habib is called, seeks Nicaragua's political isolation. We repeat, the main objective of Habib's visit is to seek Nicaragua's political isolation and to sound out the possibility that the governments of Guatemala, El Salvador, Honduras, and Costa Rica would break relations with the Managua government. Nevertheless, those reports were not confirmed by the presidential staff officials. Neither of those officials disclosed the real purpose of the visit, so it will remain secret as has occurred in the past.

President Reagan's star negotiator has made five visits to Honduras since he was appointed in March. However, he has spoken with President Azcona on six occasions because in May they met in the U.S. capital during the Honduran president's visit.

AZCONA REFUTES U.S. REPORTS OF SANDINIST CLASHES

PA230028 San Pedro Sula TIEMPO in Spanish 21 Nov 86 p 3

[Text] Tegucigalpa -- President Jose Azcona Hoyo said yesterday that it is untrue some 5,000 Sandinists have crossed the border and advanced several kilometers into Honduran territory, as reported in the United States.

He indicated that recent armed incidents on the border area with Nicaragua between members of the Sandinist Army and Honduran Armed Forces "are not of great importance; the Sandinists have been firing some rockets, grenades, and artillery at us but it is not as some media have presented it. The MIAMI HERALD reported that some 5,000 men, or something like that, are now several kilometers inside Honduran territory, but that is not true."

Nevertheless, he said: "It seems that the Sandinists want to provoke the Armed Forces so the latter attacks and thus becomes involved in a compromising situation; however, we will make sure the necessary wisdom and patience prevail."

Referring to the guerrillas that operate in the Nombre de Dios mountain range, Atlantida Department, Azcona said that the Armed Forces have yet to present an official report on the situation.

Nevertheless, he pointed out that a Presidential Guard member has unofficially told him that a report has been received concerning the alleged subversives' activities.

SANDINISTS RELEASE CAPTURED FISHERMEN, BOATS

PA230027 Tegucigalpa LA TRIBUNA in Spanish 21 Nov 86 p 7

[Text] The Sandinist government handed over to the Honduran authorities 37 fishermen held in Nicaraguan prisons and five fishing boats it captured some time ago. The men and boats had been captured while fishing in Nicaraguan territorial waters.

Captain Agustin Cardena Macias, chief of the Public Security Force, FUSEP, of Region 1, in La Ceiba, Atlantida Department, reported to his superior here that at 0900 on Monday [17 November], the five fishing boats arrived at French Harbor Port, in Islas de la Bahia from Nicaragua.

All five fishing boats were sailing under the Honduran flag. The ships are the Walter R3, owned by Kenny McNab; the Skyware, owned by Cursi Waren; the Morning Mist 2, owned by Client Boden; the Guir Wabe, owned by Andres Cardona; and the Mr Blanco, owned by David McNab.

The 37 fishermen arrested by the Nicaraguan authorities for fishing in Nicaraguan waters were in the boats. According to the police report, the men obtained their freedom thanks to efforts undertaken by Melba Vasquez.

RENDON PINEDA RESIGNS TO JOIN LIBERALS

PA211233 San Pedro Sula TIEMPO in Spanish 20 Nov p 4

[Excerpt] Culture and Tourism Minister Arturo Rendon Peneda officially announced his resignation to devote his time to fight for a position in the Liberal Party's Central Executive Council. [passage omitted]

NICARAGUA

ORGEGA EXHORTS CROWD ON POSSIBLE U.S. INVASION

PA220325 Managua Domestic Service in Spanish 0134 GMT 22 Nov 86

["Face The People" Program with Nicaraguan President Daniel Ortega for doctors and health workers gathered at Manayua's (?Jose Federico Escobar) neighborhood -- live]

[Excerpts] [Passage omitted] [Ortega] Thanks to the Sandinist revolution the doors have been opened so the people can participate in public health programs. This is a very important event. We are currently hosting the Eucharistic Congress, we are hosting scientific meetings, and we have concluded the constitutional debates. We are taking care of our productive tasks. But what is happening in other places? Who can tell us something else that is happening to us?

[Unidentified woman] The aggression.

[Ortega] Right, the aggression. Who is attacking us? Tell me, who is attacking us?

[Crowd] The North Americans.

[Ortega] Right, the gringos are attacking us. Yes, that is right. Today our Foreign Ministry denounced the deployment of U.S. warships threatening us and our territory. There is a U.S. ship off the Atlantic coast threatening Puerto Cabezas, Bluefields, that area; there is another one on the Pacific side too. There are U.S. warships. There are U.S. planes threatening to invade. We are doing all these tasks while the aggression exists and under the threat of a U.S. Government invasion.

However, I think the foreign visitors here in this meeting -- who are visiting Nicaragua for the first time, who have heard about the war while in their countries -- have heard how Reagan speaks of Nicaragua, how he refers to Nicaragua. They have probably heard of the threats of an invasion. We have been threatened, we might be invaded at any moment. But, just because we might be invaded at any moment, are we going to suspend these tasks of public health?

[Crowd] No.

[Ortega] Are we going to stop picking coffee?

[Crowd] No.

[Ortega] Are we going to stop picking cotton?

[Crowd] No.

[Ortega] Are we going to stop studying?

[Crowd] No.

[Ortega] Are we going to lie idle, and stop being (?productive)?

[Crowd] No.

[Ortega] Who gets nervous because of these threats?

[Crowd] Nobody.

[Ortega] Nobody; in other words our people do not get nervous because of the threats. Our people do not become cowards in the face of the threats. [applause] We are running the risk of an invasion. A rumor has been circulating that there will be an invasion on the 22nd. In other words, tomorrow. But we continue working. If they invade us early tomorrow morning, what is going to happen? What is going to happen? What is going to happen if they invade us early tomorrow morning? Are we going to come out with our hands up?

[Crowd] No we will not.

[Ortega] What are going to do? Are we going to flee if we are invaded?

[Crowd] No.

[Ortega] We are going to grab a rifle, aren't we? And who is going to grab a rifle?

[Crowd] Everyone -- I will.

[Ortega] So even the children will carry rifles?

[Crowd] Yes.

[Ortega] How about the women? Will they carry rifles?

[Crowd] Yes, the mothers will grab rifles.

[Ortega] Let's see, who else will carry a rifle, let me see.

[Crowd] I will.

[Ortega] So everyone will carry a rifle?

[Unidentified woman] Everyone will carry a rifle, including the mothers of the martyrs. [applause]

[Ortega] So here we are, calmly conversing, even joking a little; but the threat is there. There is the threat of war, of a direct invasion. The war is already here, we are fighting it everyday. The trouble is that...

[Unidentified woman, interrupting] Mr. President, We are not afraid.

[Orgega] Is that right? The trouble is that the aggression cannot advance...

[Unidentified woman, interrupting] Their bark is worse than their bite. [laughter]

[Ortega] Well, if the invaders come here, they are going to have to face the resistance of the people..

[Unidentified woman, interrupting] They will enter, but they will not leave.

[Ortega] That is right, they will enter but they will not be able to leave. That is the way the Nicaraguan people feel. In spite of the sorrow, of the suffering, and in spite of the difficulties we are encountering in all aspects, the people have a high morale. They are scheduled to continue tomorrow with their public health tasks, to continue with the tetanus vaccination program in this neighborhood. But they are also prepared to fight tomorrow if we are invaded. If we are invaded tomorrow, they will have to set aside the tetanus vaccination program, defeat the invaders, and then continue with the tetanus vaccination program.

That is how our people feel. We cannot omit mentioning and denouncing the danger that everyday threatens the security of Nicaragua. We must denounce this to the international public.

Every day the international community condemns the terrorist policy of President Reagan's government. We have just received a report that there was a vote at the United Nations where the U.S. Government has been condemned lately for its actions against Nicaragua. A resolution was issued telling the United States it has no right to place an economic embargo against Nicaragua.

Many people from various parts of the world were consulted concerning the resolution. The voting was favorable. There was only one vote in opposition: the Government of Israel. The Israeli Government has been an instrument of the U.S. policy to supply weapons to defend governments, such as the Somoza government. Here, Somoza had armaments supplied by the Israeli Government. There were some launchers, the [Daburs], the Israeli-made coast guard vessels. Galil rifles were used to suppress the people. Those were the Israeli-made rifles the Somozist guards used.

Since Somoza was defeated, the U.S. Government has also used Israel to send weapons to the former Somozist guards. Naturally, this government votes in favor of the United States in all international arenas, such as the United Nations. However, that is just one isolated vote. The entire international community condemned the U.S. policy. At the OAS, there was also an important resolution of the Central American governments. Some countries did not want to go to the meeting, but the Contadora Group managed to get the Central American representatives to meet. The Central American representatives there are the Latin American representatives who are striving for peace.

The struggle for peace in the international arena is important. But there is another important issue, which I must mention tonight. Dora Maria [Tellez, Public Health Minister] has said that we must fight for peace and life. That is what international delegates have heard during the meetings held in our country. [passage omitted] [Station breaks from proceedings for approximately 70 minutes]

Let us refer to the question that was posed to us concerning our relations with the Soviet Union and Libya. In the first place, Nicaragua, as a sovereign country following the triumph of the revolution, has decided to establish political, economic, commercial and all other kinds of relations with all countries wishing to do so within a framework of mutual respect -- with some exceptions. [applause] One such exception is with the United States; we have relations with the U.S. Government, but the framework is not one of mutual respect because the United States, while maintaining relations with Nicaragua, is waging war on and engaging in terrorism against Nicaragua.

The Soviet Union is a nation that has been characterized [changes thought] and it is good that you remind or teach the U.S. people this, because the problem is the ignorance of the U.S. people about facts that are later forgotten. The U.S. people must be reminded that the Soviet Union sacrificed the lives of 20 million citizens during World War II in the struggle against fascism. The U.S. people must be reminded that during this war against Hitler, against fascism, the United States was an ally of the Soviet Union; that they united to fight against this brutal and dark force, which was fascism, which was Nazism; and that the largest quota of blood, the largest quota of sacrifice, was contributed by the Soviet Union.

The U.S. people must be reminded of this because if the Soviet Union had not fought as it did to confront and to defeat Nazism, the Nazis most assuredly would have reached the United States and would have bombed the U.S. cities as they bombed the European cities.

However, thanks to the blood that was shed in Europe and shed, above all, in the Soviet Union, Nazism was defeated. The U.S. people also participated; however, although Americans also died in the war against fascism, they were never as many as the number of Soviet citizens who died defending (?peace) and fighting fascism.

[Words indistinct] that the Soviet Union has been characterized by its defense of peace. Nicaragua has established relations with the Soviet Union within a framework of mutual respect, and this should serve as an example to the United States. We would like to have the same type of relations with the United States that we have with the Soviet Union (?because) while the United States stopped supplying wheat, oil, and foodstuffs to us, the Soviet Union has sent us wheat, oil, and foodstuffs. While the United States has blocked us by suspending the supply of equipment for agriculture -- tractors, spare parts, etc. -- the Soviet Union has offered those resources to us.

The Soviet Union has never told us: We are going to give you these resources but you must do this. It has never said that. It has given us aid in an unconditional way, respecting what we Nicaraguans are doing here. This is exemplary behavior from a big power like the Soviet Union in its relationship of respect with a small country such as Nicaragua. The United States should follow this example.

The situation would be different if U.S. behavior toward Nicaragua and other Latin American countries were similar to the behavior of the Soviet Union toward Nicaragua. But there is a great difference. [applause]

The U.S. Administration wants to set conditions for its cooperation and aid to Latin American countries. It has just deceived Honduras, El Salvador, and Costa Rica. It is flouting these countries and the U.S. Congress because President Reagan himself offered to give $300 million to Honduras, El Salvador, Costa Rica, and Guatemala if the $100 million for the mercenaries were approved; now that the $100 million for the mercenaries has been approved, Costa Rica, El Salvador, Honduras, and Guatemala are not getting a penny. They have been swindled. They have been fooled. U.S. relations with these countries it claims to defend are based on deceit.

We also have good relations with Libya. Libya has cooperated with Nicaragua and has relations with other countries of the world. The United States wants to isolate Libya from the international community. Iran is another country that the United States classifies this way. President Reagan has made up a list of so-called terrorist countries that includes Nicaragua, Libya, Iran, the DPRK, and Cuba.

We also have good relations with Iran. Iran has good relations with allies of the United States, including strategic allies of the United States, such as Turkey. Iran has good relations with Turkey. When the prime minister of Iran came here, he said he had stopped in Turkey. This does not bother the U.S. Government. Iran has relations with the FRG, another ally of the United States. Now it happens that the President of the United States, behind everybody's back, has been engaged -- according to what is being said -- in negotiations with Iran, but he does not want negotiations with Nicaragua.

We have relations with all countries who have a position of respect, friendship, and cooperation toward Nicaragua: the Soviet Union, Libya, Iran, the DPRK, and Cuba. We also have good relations with Spain, Italy, and Latin American and European countries of various ideologies, such as Sweden, Finland, the Netherlands.... We have relations with all countries of the world.

President Reagan has met with the secretary general of the CPSU to discuss the subject of peace because peace is a matter in which mankind is interested. The problem here, in essence, is one of a lack of information among the U.S. people. The U.S. people have been made to believe that the Soviet Union is the devil himself, and some people then think: Nicaragua has relations with the Soviet Union, so it must also be terrible. The U.S. people are forgetting that the United States has relations with the Soviet Union, and there is a multi-million-dollar trade between the two countries. They are also forgetting that the Soviet Union lost 20 million citizens to defend mankind, including the people of the United States.

This is a problem of the U.S. people's lack of information. We have spoken here of lack of information. We are facing a news war that the U.S. Government is waging with great skill. It has very powerful resources. The U.S. Government has recently and repeatedly been charging that Nicaragua has invaded Honduras. What are its intentions? To justify a larger aggression against Nicaragua, a military intervention with U.S. troops against Nicaragua. That is: Since the Sandinists are invading Honduras, we, the U.S. soldiers, U.S. aid, are coming to help Honduras! We have come to fight and to invade Nicaragua! They are looking for pretexts to invade Nicaragua.

They have recently and repeatedly been charging that Nicaragua is going to invade Honduras. The Honduran Government has said it knows nothing about that invasion. Last March, they invented the idea of another invasion, claiming that we Nicaraguans were heading for Tegucigalpa. Nicaragua, revolutionary Nicaragua, has been characterized for its search for friendly relations with Honduras and Costa Rica. We are always ready to talk with the presidents of Costa Rica and Honduras to work in favor of peace. This is a fact. But what is happening? The United States continues conspiring and occupying Honduran territory with mercenary forces.

Now they have this little plan to launch the mercenaries dressed as Sandinist soldiers to attack the town of Danli and then say: Look! the Sandinists invaded Honduras! They attacked the town of Danli! There go the American troops to help Honduras! The United States is looking for pretexts and fabricating provocations to justify an invasion against our country. This is the truth. It wants to push the Central Americans to fight like cats and dogs.

However, we hope that the presidents of Honduras, Costa Rica, El Salvador, and Guatemala -- well, the president of Guatemala has maintained a very positive position in favor of peace -- we hope that the presidents of El Salvador, Costa Rica and Honduras will not let themselves be used as tools by the U.S. Government, which wants us fighting like cats and dogs, the spilling blood of Central Americans, the destruction of the economy of the Central Americans, the devastation of Central American cities, and the death of Central American people.

We cannot fall into that provocation. That is why we attach much importance to the peace efforts of the Contadora Group and the Support Group. We have supported them. The obstacle to those efforts has been the U.S. President, who does not want peace with Nicaragua. This has been the obstacle. Contadora is making efforts, but the U.S. President does not want peace with Nicaragua, and, as long as he does not want peace with Nicaragua, the Contadora efforts for peace in Central America will not succeed. However, the Contadora effort is necessary because it is a restraining factor. U.S. policy is [words indistinct] and they are confronting not only Nicaragua but also Latin America because Latin America is against their interventionist policy.

The disinformation portrays Nicaragua as a country where religious persecution exists. It portrays Nicaragua as a country where unions are persecuted. We must state that unions of all ideologies exist here. There are rightist unions, Sandinist unions, extreme leftist unions; there are unions of all ideologies here in Nicaragua. The CIA has its unions here. It finances them. There are extreme leftist groups that agree with the CIA unions. They too work here. Now then, how can the workers of any party participate in political activity?

A number of political parties exist here. In the National Assembly there are seven parties. Outside the National Assembly there are about five parties. There are enough parties to choose from; anyone can choose the party they want. Anyone who wants to carry out political activity has parties from which to choose. Of course, the Sandinist Front unquestionably is the party that enjoys the most popularity. That is a reality. It is unquestionable. The best proof is, as a doctor from the Dominican Republic said, the Nicaraguan people have the weapons. The people can change the government whenever they so desire. The people would not have to wait until another election because they have the weapons. The people are the ones who hold the weapons. The people are revolutionary and Sandinist. The people know where to aim their weapons. They aim their weapons against those mercenaries sent by the U.S. Government to destroy schools. [applause]

The Nicaraguan people do not aim their weapons against those who build schools. Who built the schools after the revolution's triumph in the rural areas where before there had never been any? Who went there to build schools? Who went there to build health centers? Who went to give land to the peasants? Who brought them the tractors, the machinery, and the equipment? Who formed the cooperatives in the rural areas? Who built housing for the farmers? Who took doctors to the farmers? Who did all of that? Has Reagan done that? [shouts of "no"] Who did all that? [indistinct shouts]

The people support the revolution. The people [words indistinct] the resources. The people take and distribute the resources. What has Reagan done there? He has destroyed schools, health centers, and cooperatives, assassinated peasants, and destroyed trucks and tractors. The people do not need explanations in order to understand who their enemy is. The people know perfectly well that the government is merely an instrument of the people themselves. The concept of the government giving something to the people is a concept we oppose. The government is not here to give to the people. The government has the obligation to provide a service to the people, but at the same time the people are part of the government's work. As was explained here, if a neighborhood needs a school, we send the material.

However, the people build the schools as has been done in dozens of places. The people build the schools with the material. The people build housing with the material. Therefore, the people are also the government. The people complement all the efforts to improve the work, to better distribute the resources, to better face the problems.

There has been talk about Mr Hasenfus here and it is logical that there be discussions about Mr Hasenfus. Companero Sergio Ramirez, who is in the United States, in the past few days visited the city [as heard] of Wisconsin, Mr Hasenfus' place of birth. It just happens that the people of Wisconsin have expressed great solidarity with Nicaragua. Mr Hasenfus (?is from there). What would happen in the United States if a Nicaraguan or Latin American were captured carrying out such activities? I would like to ask the U.S. citizens here what sentence would he receive according to your laws? What sentence would he get in accordance with U.S. laws? What sentence would a Nicaraguan or Latin American get if he supplied weapons for armed groups that were destroying schools and health centers and killing U.S. farmers in the United States? What would happen to such an individual? According to U.S. laws, what sentence would he get? [shouts of "death"] In some states he would probably get the death penalty, because in the United States the death penalty exists. In other states he would get life, in other words he would die in prison. That is the truth. In the United States there are 29 Puerto Rican patriots who have been in prison for years, some of whom were sentenced to 60 years in prison. These are long sentences. These people are there in prison and no one is scandalized. There is no scandal.

Mr Hasenfus came to carry out terrorist activities as he had previously done in other locations. He received a 30-year sentence, which is the maximum sentence because neither the death penalty nor a life imprisonment sentence exists. In the United States they still have the electric chair and the gas chamber. There is another way to carry out the death sentence: by injection. There are a number of different ways to carry out a death sentence. Recently, there was a discussion in the United States about an appeal from a criminal who was going to the electric chair.

A spy who is captured in the United States or a U.S. citizen who is captured and accused of spying is condemned to life imprisonment and sometimes even receives two life sentences. This is totally absurd because one life imprisonment sentence is enough. They are even sentenced to two life imprisonment sentences and given an additional 50 years in prison. These are absurd sentences. Actually the sentence handed down to Mr Hasenfus is a benign sentence. Thirty years in prison is a slight sentence.

The Nicaraguan people are right when they ask for a firm hand [mano dura] against Mr Hasenfus. However, the people have confidence in the revolutionary directorate. They have confidence in the revolutionary government. They know that when the revolutionary government and the FSLN Directorate take a specific step they do so with peace in mind; they do so trying to prevent sacrifices by the people; they do so in defending the Nicaraguan people interests. Therefore, we are sure that any future decision regarding Mr Hasenfus will be supported by the people, because our decision will benefit the interests of the Nicaraguan people. We have that conviction and certainty. It is important that it be clear that this 30-year sentence is a benign sentence.

The guests here have another activity after this meeting. We have delayed them. They had to go at 2130 and it is almost 2200. Tomorrow they return to their respective countries so we want to express to them greetings from all the Nicaraguan people. We want to express the Nicaraguan people's thanks for participating in this encounter among countries, a meeting for peace and life. We want to say that we are confident that when you return to your respective countries you will tell the truth about what you have seen. [applause] We do not have to tell you or even hint at what you should say in your countries. We are not going to tell you to spread propaganda about the FSLN. No, simply go and tell the truth, and by telling the truth we are sure you will be working in favor of peace and against the war the U.S. Government is promoting and that is harming the Nicaraguan people. Good night, and thank you very much. [applause]

NOTE TO SHULTZ 'CONDEMNS' U.S. MILITARY PRESENCE

PA220157 Managua Domestic Service in Spanish 0043 GMT 22 Nov 86

[Press release issued by the Nicaraguan Foreign Ministry, read by unidentified Foreign Ministry spokesman -- live or recorded]

[Text] The Directorate of Communications and Press of the Foreign Ministry reports that today the Nicaraguan foreign minister issued a protest note to the U.S. secretary of state. It reads:

Mr George Shultz:

Since 13 November 1986, a concentration of U.S. Army naval forces has been increasing its military presence off the Atlantic coast of Nicaragua. On the afternoon of 19 November, units belonging to that concentration of naval forces were posted less than 100 km southeast of Puerto Cabezas. This implies that artillery fire on those units can reach Nicaraguan territory. Until yesterday, 20 November, this concentration of naval forces has maintained a permanent presence in waters east of Bluefields and Puerto Cabezas.

Through various sources, it has been learned that over the past several days the U.S. Air Force has been using various air strips in Central America, particularly in Panama, to improve deployment of its planes and to obtain use of all types of means [facilidades] to strengthen the capacity to direct, control, and command its flights. Coincidentally, over the past several days U.S. naval units have arrived in Costa Rica.

The Nicaraguan Government emphatically and formally protests these threatening actions of blackmail and provocation through which systematic patrol and espionage missions of both our Atlantic and Pacific coasts are maintained. Actions such as those described also constitute preparatory stages to new and greater aggressions against the Nicaraguan people, and evince the increasingly militaristic and aggressive course of the unlawful, immoral policy implemented by the U.S. Government. These actions also reaffirm the U.S. Government's intention to participate more directly and with its own forces in aggressive actions against Nicaragua.

These shows of force, threat, and disrespect toward the sovereignty of Nicaragua and Central America reaffirm the U.S. Government's open disdain for peaceful solutions to conflicts as established in international law.

These actions are also part of the legislation of terror and death recently approved by the U.S. Congress and Government in open and flagrant violation of international legal order, the ruling issued by the International Court of Justice on 27 June 1986, and the resolution approved by the UN General Assembly on 3 November, urging full and immediate compliance with that ruling. The massive and permanent U.S. military presence in Central America undermines the sovereignty of the Central American states and contradicts the efforts and aspirations of our peoples to make our area a demilitarized zone and a zone of peace with international protection and free of all types of foreign military presence.

Meanwhile, it is necessary to point out that such shows of force and intimidation are taking place at a time when criminal plans have been revealed consisting of attacks against the Honduran community of Danli by mercenary forces at the service of your government to blame Nicaragua and provoke a conflict between the two countries. The Nicaraguan Government categorically condemns the presence and activities of this naval concentration off the Nicaraguan Atlantic coast and the systematic presence of U.S. naval units off the Pacific coasts of my country and emphatically demands an end to these threatening acts of provocation.

Managua, 21 November 1986

D'Escoto Assails Deployment

PA212213 Managua BARRICADA in Spanish 21 Nov 86 p 1

[Text] Nicaraguan Foreign Minister Father Miguel D'Escoto Brockman last night denounced a dangerous deployment of a naval group of the U.S. Army to Nicaraguan coasts, and the plan of attack by Somozist groups against Danli, a Honduran town.

D'Escoto said that "since 13 November a U.S. naval group has increased its military presence off the Atlantic coast of Nicaragua." He added that "on the afternoon on 19 November the units from the naval group were less that 100 km southeast of Puerto Cabezas."

The Nicaraguan foreign minister pointed out that as of 20 November, the naval group has remained there, located mostly east of Bluefields, and east of Puerto Cabezas.

He also said: "It has been learned from various sources that the U.S. Air Force is very interested in making special use of various landing strips in the Central American area, particulary in Panama, which will allow it to improve its deployment capabilities. The U.S. Air Force is also using these facilities to improve its capabilities for direction, control and command of its flights."

D'Escoto recalled that U.S. naval units have also arrived recently in Costa Rican ports. The purpose of this naval grup is to patrol and to spy agains Nicaragua.

In conclusion, he announced that "it has been learned from various sources that the mercenary forces are planning an attack within a few days agains Danli, a Honduran town along the border, to provoke a conflict between the Honduran and Nicaraguan Governments." The Foreign Ministry was preparing the respective protest notes last night to send to the U.S. Government and a copy to inform the Honduran Government.

OFFICIAL DENIES CLOSING BORDER WITH COSTA RICA

PA221926 Managua Domestic Service in Spanish 1800 GMT 22 Nov 86

[Text] [Unidentified reporter] On several occasions, and more persistently in the last few days, there have been rumors, which have grown and changed into reports, quoting the Costa Rican foreign minister -- to mention one of the most important personalities -- as saying that Nicaragua had reportedly closed the border with Costa Rica, that Nicaragua had reportedly tried to close the border with Costa Rica, that it wanted to close the border, and so on. We will now contact Companera Angela Saballos, official spokeswoman of the Nicaraguan Foreign Ministry, to learn the truth about this type of report.

[Begin relay] [Reporter] Good morning, companera, we are listening to you.

[Saballos] Regarding this matter on which you were just reporting to the Nicaraguan people, we have in no way thought of closing the border. We have not requested it, either, in any official or unofficial talks. Therefore, we are surprised at the report by the Costa Rican Foreign Ministry. On the contrary, we are trying to seek a peaceful solution. We insisted on the matter of the commission to resolve the border incidents, (?that is), the Costa Rican-Nicaraguan mixed commission. Who knows where this report came from.

[Reporter] In other words, Companera Saballos, there is no closing of the borders; there has never been a closing of borders; and the Nicaraguan Government has not sent any type of message -- or word [recado], as it is said -- in a bid to close the border?

[Saballos] There has been no message, word, or anything in that regard in any way. We are surprised at this report because, on the contrary, we are trying -- instead, as I said -- to find a peaceful solution at the border by talking and seeing how we can really stop this war of aggression. However, it has never occurred to us to close the border.

[Reporter] Well, we are taking this into account because ACAN-EFE even reported on 18 November that Nicaragua had closed the border with Costa Rica and quoted [Costa Rican Security Minister] Hernan Garron Salazar as saying the border had been closed. Therefore, can we categorically deny all of these reports, Companera Angela Saballos, official Foreign Ministry spokeswoman?

[Saballos] [Words indistinct] momentary closing of borders [words indistinct]. I really do not know. You may be receiving a specific report. [Words indistinct]

[Reporter] No. We are not referring to specific [words indistinct]. What happens is that there was talk, and it was said [manejar] that Nicaragua had closed the border, closed the border without prior notice. Finally, the Costa Rican Foreign Ministry made the statement. That is why we were concerned and decided to consult with you, companera, to determine if the border has been closed, or has not been closed.

[Saballos] Not from any standpoint. On the contrary, we are trying to seek [words indistinct].

[Reporter] Thank you very much, companera Saballos. [end relay]

OFFICIALS CLAIM KIDNAP REPORT DUE TO 'CONFUSION'

PA211828 Hamburg DPA in Spanish 1747 GMT 21 Nov 86

[Text] Managua, 21 Nov (DPA) -- Official sources reported in Managua today that the ambush by a group of anti-Sandinist rebels in Chontales Department left three Interior Ministry fighters dead and two vehicles damaged, but no foreign voluntary workers were among the victims. A Nicaraguan Democratic Forces (FDN) group attacked a Lada automobile that carried three troops who died in the ambush which occurred in Santa Rosa, 10 km southwest of La Libertad. The victims are identified as Juan Rivas, Lino Rigoberto Cienfuegos, and Bismarck Arguello. The vehicle was destroyed and Construction Ministry excavator was damaged.

The report about the kidnapping of a Swedish volunteer worker was the result of the confusion on the part of a reporter from "The Voice of Nicaragua," the government-owned radio station, who read the news. However, the Defense Ministry later denied the report. The reporter had gathered information from some witnesses who believed that a Swedish voluntary worker, whose name was not disclosed, was among those in the vehicle.

SANDINIST FRONT GREETS LAO LEADER ON REELECTION

BK211011 Vientiane KPL in English 0918 GMT 21 Nov 86

[Text] Vientiane, November 21 (KPL) -- Kaysone Phomvihan, general secretary of the LPRP CC [Lao People's Revolutionary Party Central Committee] chairman of the Council of Ministers, has received a message of greetings from the Sandinist National Liberation Front [FSLN] of Nicaragua, on the occasion of his reelection as general secretary of the LPRP CC.

The message writes:

On the occasion of the 4th Congress of the LPRP, the FSLN has the pleasure to convey warm congratulations to the members of the LPRP who organized the congress -- an important event for the Lao PDR.

This event shows the ability of the LPRP in guiding the Lao people to struggle against the yoke of the imperialists and their henchmen, for national liberation.

It continues:

We are convinced that the 4th Congress of the LPRP has adopted a just and adequate political guideline for building socialism and ensuring firm solidarity within the party in order to carry out the resolutions of the congress.

The message also expressed full support for the Lao people in implementing their two strategic tasks: national safeguarding and socialist building, and promoting the special solidarity among Laos-Vietnam-Kampuchea, with the aim of defending regional peace and stability.

CARIBBEAN BASIN INITIATIVE 'EMPTY, DECEPTIVE'

PA220318 Havana International Service in Spanish 2300 GMT 22 Nov 86

["Our America" commentary read by Manolo Ortega]

[Text] The meeting of the so-called Caribbean Basin Initiative created by Ronald Reagan 4 years ago sounded more like empty, deceptive words than a serious dialogue. Miami, the city with the highest crime rate in the United States, was host to the meeting of the alleged beneficiaries of the heretofore inoperative plan, which was an opinion of the plan expressed by many.

During the 48 months that the Caribbean initiative has existed, Washington has shown itself particularly aggressive with regard to its economic policy toward the Third World. During that time it strengthened protectionist measures aimed specifically against Caribbean products, including sugar, textiles, shoes, and foodstuffs. Meanwhile, the ludicrous figure of $335 million earmarked for that plan went almost completely into the hands of the Yankee allies in Central America, and not exactly to alleviate the economic crisis in which those countries are immersed.

The rhetoric in Miami did not point toward true solutions to the regional economic crisis. It discussed promoting over a 12-year period investments in Caribbean and Central American countries by multinational firms that manufacture perishable consumer goods. The purpose is to use the cheap labor that accumulates in those geographic areas and consequently increase the surplus that characterizes the profits of those conglomerates.

There is also talk that the U.S. market will remove the tariffs from those items, a measure which will principally benefit the manufacturing companies, which have no concern for the interests of the country where they operate. This cloak of an alleged bonanza attempts to conceal the fact that the prices of the real sources of income for the area's nations -- including bauxite, oil, and sugar, to mention only three -- are severely depressed, while regional exports to Washington have diminished more than 20 percent over the past several years. As a result of U.S. protectionism, the Dominican Republic, another beneficiary of the Reagan plan, lost revenue totalling approximately $114 million in 1985 in sugar sales, while the United States announced new reductions in sugar quotas assigned to its suppliers.

The future of the Reagan plan is so dark that Honduran President Jose Azcona, servile acolyte of the White House in Central America, mumbled that the law of supply and demand should not regulate relations between Washington and its friends. The future of the English-speaking Caribbean nations appears to be no brighter. With 5 million inhabitants, the 13 states that comprise it owe $7.5 billion for a per capita debt higher than that of the major Latin American debtors: Brazil and Mexico. It is not by chance that Barbadian Prime Minister Errol Barrow in June straightforwardly compared Reagan's initiative to ahandful of pennies in the coin slot of a bus.

UN RESOLUTION ON C.A. 'BLOW' TO U.S. PLANS

PA211254 Havana International Service in Spanish 2300 GMT 20 Nov 86

["Our America" commentary read by Manolo Ortega]

[Text] The UN General Assembly has decided to endorse a resolution on Central America advocating a negotiated settlement to the conflict affecting the region. The document of undoubted political impact adds that an end to the regional crisis implies the full respect for the principles of international law and asks the Contadora and Support Groups to continue their valuable efforts.

This statement is a blow to the U.S. warmongering plans for quickly turning Central America into a low intensity conflict area, in the jargon of the high Pentagon officials. However, according to less partial observers, the U.S. plans could end in a serious crisis of unpredictable consequences for the whole planet.

The UN resolution supports the OAS resolution on the need to prevent a war in Central America. However, there is more to it in the political and diplomatic fields. By supporting the Contadora and the Support Groups, the international community closes the way to the plans of Costa Rica, Honduras and El Salvador to boycott all peace negotiations and to promote at the international forums declarations contrary to this alternative.

Recently, Tegucigalpa and San Jose said that they will not attend the Contadora Group meetings as long as Nicaragua remains in the meetings. As if this were not enough, Honduran President Jose Azcona -- without the banner of neutrality in which he wanted to wrap himself when he began his term -- said that the Contadora Group should abandon its role as mediator and friend and act more vigorously against the Nicaraguan authorities. This is an old imperialistic tactic -- making the victim appear as the aggressor -- to justify their punitive actions in international forums.

If one truly wants to know who promotes the aggressiveness and distrust in Central America, it is sufficient to remember that in the past 6 years U.S. military aid to its followers in the area increased by 10,000 percent. If in 1980 Washington allocated $10 million in military aid for its regional allies, in 1986 it sent more than $1 billion which appears in military bases, engineering work, and light and heavy military supplies and combat planes, among other things.

At the beginning of this decade, 64 percent of the Central American population was living below the poverty level and 42 percent below the extreme poverty level. These cruel figures have increased in the past few years to the degree that the countries in the area have become involved in an unprecedented militarization process imposed by the U.S. policy. To prevent a war and the consequent impoverishment of the Central American nations, to halt a conflict of unpredictable consequences, is a task that responds to the interest of mankind. Whether Washington likes it or not, everything seems to indicate that the whole world has become aware of its role in such a problem.

'DISCREDIT' NORM FOR U.S., ROK THESE DAYS

PA221515 Havana International Service in Spanish 0000 GMT 22 Nov 86

["Viewpoint" commentary read by Angel Hernandez]

[Text] Discredit and lies that have become known seem to be the norm these days in Washington, affecting some of its most faithful allies. If Reagan is facing a growing avalanche of criticism for making secret arms shipments to Iran to gain freedom for U.S. citizens kidnapped in Beirut, no less violent is the wave of repudiation that has fallen upon the ROK regime after falsely reporting the death of DPRK President Kim Il-song precisely while he was receiving in Pyongyang top Mongolian leader Jambyan Batmonh.

ROK National Defense Minister Yi Ki-paek appears as the spokesman of this lie, which was even approved by dictator Chon Tu-hwan's cabinet, giving the fairy tale the status of an official statement. The reports issued with song and dance in Seoul mentioned flags at half-staff on the DPRK (Pangmyon) demilitarized zone and even dirges being played over Pyongyang radio stations. The truth is that analysts believe that the lies were made up by the CIA to divert international public attention that had been concentrating on the brutality displayed by repressive ROK forces against recent student demonstrations opposing the pro-U.S. regine.

As may be recalled, the police and Army under Chon Tu-hwan's regime attacked universities where thousands of youths opposed to the Yankee presence in ROK were hiding, resulting in more than 2,000 arrests, an undetermined number of dead and injured, and the destruction of classrooms and equipment. This was followed by the raiding of trade union and opposition forces centers.

Deputies belonging to the New Korea Democratic Party, which opposes Chon Tu-hwan, demanded the resignation of the whole cabinet because of its irresponsibility by approving groundless statements over the alleged death of Kim Il-song. It seems like the incident has turned another page if more political instability for the U.S. minions enthroned in Seoul.

The White House itself, discredited because of Reagan's irresponsible actions in international politics and his excessive reliance on image [efectismo] to gain followers, hurried to instruct its forces in the ROK to not join in another disinformation campaign that would raise even more the temperature of the U.S. political thermometer. Consequently, the 40,000 Yankee troops stationed near the DPRK border stated they had no information on Seoul's statements, evidently trying to escape under the table amidst the sensational scandal that leaves in ridicule one of Washington's most faithful servants in Asia.

SPANISH COMMITTEE SIGNS COOPERATION ACT

FL200315 Havana Radio Rebelde Network in Spanish 0000 GMT 20 Nov 86

[Text] As a result of the conversations at the first session of the Cuban-Spanish Joint Commission for Economic-Industrial Cooperation, an act was signed in Havana.

Luis de Velazco (Rame), secretary of state for commerce of the Ministry of Economy and Finance, and Ernesto Melendez, minister president of the State Committee for Economic Cooperation, signed the document.

SOVIET CULTURE MINISTER TOURS TRINIDAD

FL201606 Havana Radio Progreso Network in Spanish 1200 GMT 20 Nov 86

[Text] CPSU Central Committee member and Soviet Culture Minister Vasiliy Zakharov, who is visiting Cuba, has amply toured places of historic interest in Trinidad. During his stay in the village of Trinidad, Zakharov was able to observe the conservation and restoration works being performed in the area to retain its original appearance.

Bilateral Cultural Agreement

FL220200 Havana Television Service in Spanish 0100 GMT 22 Nov 86

[Excerpts] A bilateral cultural cooperation agreement was signed this afternoon by Armando Hart Davalos, and Vasiliy Zakharov, Cuban and Soviet culture ministers, respectively. [passage omitted]

In addition, the Soviet culture minister said the agreement includes cooperation in different artistic areas such as film, literature, and music. He also stressed that bilateral cultural cooperation should be extended to other areas of artistic life, which have not yet been sufficiently developed. [passage omitted]

VEIGA PRESIDES OVER SIXTH TRADE UNION CONGRESS

FL220215 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Nov 86

[Excerpt] Quality in education, labor discipline, and emulation have been the most-debated topics on the first working day of the sixth congress of the National Education, Science, and Sports Workers Union [Sntecd] held in the CTC's [Central Organization of Cuban Trade Unions] Lazaro Pena Theater. The congress will conclude tomorrow, Saturday.

The first session was presided over by Politburo member Roberto Veiga, CTC secretary general. CTC second secretary General Rene Penalver, Central Committee member, attended the afternoon session. [passage omitted]

'HONEYMOON' WITH LIBYAN LEADER 'GONE SOUR'

FL211855 Bridgetown CANA in English 1819 GMT 21 Nov 86

[By Guy Ellis]

[Text] Castries, St Lucia, Nov 21, CANA -- If a press article just published here is anything to go by, the honeymoon between Libyan leader Mu'ammar al-Qadhdhafi and Caribbean politicians of the left appears to have gone sour.

The feature in the CRUSADER, a weekly owned by former Deputy Prime Minister George Odlum, St Lucia's best known leftist and staunch supporter of Tripoli, actually attacked Libyan leader Colonel al-Qadhdhafi and called on regional colleagues to ditch the relationship. Headlined "The Caribbean Left -- Left in the Lurch?" the article is seen here as reflecting the mood among Caribbean leftists who have courted Al-Qadhdhafi, his money and his ideas in recent years.

Odlum, leader of the minority Progressive Labour Party (PLP) which had established strong ties with Al-Qadhdhafi, visited the Libyan capital more than once by his own admission, to attend conferences of regional and international leftists. He has also publicly defended the Libyan leader as a champion Third World, amid allegations by Caribbean and United States officials that Al-Qadhdhafi was in fact fomenting strife in this region.

But from the tone of the CRUSADER article Odlum thinks its time to withdraw from the Libyan-Caribbean leftist axis and instead consider close links with Cuba. It said anti-Libyan propaganda in the region orchestrated by Washington had posed a series of awkward questions for those on the Caribbean left with a serious commitment to progressive ideals.

It added first, why has the mud stuck? It is an unfortunate fact that the Libyans through insensitivity or indifference have done much of the imperialists work for them. A recent case in point is the speech of Colonel al-Qadhdhafi at the Nonaligned Movement conference in Harare (Zimbabwe). This contained a call to arms which was seen by most people as a general invitation to violence rather than a specific call to certain groups like the African National Congress and SWAPO (The South West Africa Peoples Organization) which are engaged in very significant and crucial liberation struggles. With his speech, Al-Qadhdhafi alienated a considerable body of opinion in Third World countries.

Had the Libyan espousal of violence been confined to Al-Qadhdhafi's Nonaligned Movement speech, this might have been explained in terms of the heady revolutionary atmosphere created in Harare, the CRUSADER said. But it seems to be more deep-seated. Participants from progressive forces at a conference in Tripoli in March, and most recently in September, heard similar exhortations to mass insurrection. Somehow the Libyan leader appears eager to enhance his image as the instigator of all violence and the father of world terrorism.

The article wondered how the region's left should respond if, through its association with Libya, it risked becoming identified with terrorism. Has the time come for some painful rethinking? it asked. Arguing that the fortunes of the region's left had been changing since the Grenada upheaval, it said this did not mean that the imperialist forces are weak, let alone already beaten. The left was therefore in no position to be generous to its enemies, it said, adding it is for consideration whether the Libyan association is not indeed an act of generosity, a foolish forging by the left of an instrument for their own destruction.

The CRUSADER said the motive behind the Caribbean left's association with Libya was unambiguous. Faced with an enemy backed by the vast resources of American imperialism, it had forced itself to seek assistance from outside the region. But it was more difficult to establish what was Libya's real geopolitical interest in the Caribbean. It said the nearest Libyan connection had been the Caribbean National Movement (CNM), whose strong anti-imperialist position had forged a link between Libya and the Caribbean. Yet the Libyan attitude had been ambivalent, and judging from the failure of the CNM to convene the peoples' conference scheduled for last July, it seemed that the hope for Libyan funding was not forthcoming.

The CNM was identified in the U.S. State Department as a grouping of regional leftists and progressives with headquarters based in Jamaica. Odlum was cited in the report as a member of the movement's three-man leadership along with Roosevelt Douglas of the Dominica Labour Party and Hervin Chung of the National Liberation Movement of Jamaica. The report claimed that the Libyans had wanted to change the name of the CNM to Revolutionary Committee of the Caribbean.

The CRUSADER article advanced that there might have been a number of explanations for Libya's lack of generosity towards the CNM, including the state of the oil market (Tripoli is a major oil producer) or dislocation following the U.S. bombing of the North African country last April in reprisal for alleged terrorist attacks on Americans. It added but it may also be that the true Libyan objective is to continue its war with the U.S. with the Caribbean proxies as common fodder. When it found out that the CNM wanted nothing to do with terrorism Libya turned the tap off.

The article said the perception had gained ground that the left was willing to play terrorist games for financial benefit, something that was quite alien to all Caribbean traditions, and all the more so when the names concerned appeared to have nothing to do with Caribbean realities but are merely the unwanted importation into the region of a quarrel between two non-Caribbean countries (Libya and the U.S.).

Against this background, the article continued, the Libyan link appeared to be fraught with dangers for the left and it was not easy to argue convincingly for its continued acceptance. The Caribbean countries and organisations outside the region which pursued their own self interest to the embarrassment of their supporters in the region were not helpful to the cause. The article suggested that in seeking help from outside, the left may be better advised to look more to those countries such as Cuba which conscientiously support the establishment of real socialism in the Caribbean.

SURINAME SIGNS BILATERAL TRADE AGREEMENT

FL191741 Bridgetown CANA in English 1457 GMT 19 Nov 86

[Text] Georgetown, Guyana, Nov 19, CANA -- Neighbours Guyana and Suriname yesterday signed a trade agreement aimed at improving bilateral economic cooperation. Foreign Affairs Minister Rashleigh Jackson of Guyana and his Suriname counterpart, Henk Herrenberg, initialled the document and exchanged instruments of ratification of economic, technical, cultural and scientific cooperation agreements, according to a joint-communique, released here last night.

The statement, issued at the end of a three-day official visit here by Herrenberg, said wide-ranging discussions also took place on a number of issues, including fishing and transportation. The foreign ministers have agreed to establish a Guyana-Suriname economic cooperation council to oversee the implementation of the agreements and to deal with matters affecting bilateral relations between the two republics.

Several committees will be created to deal with specific areas of activity and to make appropriate recommendations for achieving maximum cooperation and understanding, the communique stated. The foreign ministers undertook to engage in frequent dialogue so as to ensure the existence of a political climate favourable to the development of close and friendly relations between the two countries.

Minister Jackson has accepted an invitation to visit Suriname early next year. Speaking at a press conference yesterday Herrenberg spoke of a need for more frequent contacts between the two ministers. Herrenberg, who was at one time charge d'affaires of the Suriname Embassy in Guyana, later met with President Desmond Hoyte for 45 minutes at the Presidential Secretariat. He afterward paid a courtesy call on Caribbean Community (Caricom) Secretary General Roderick Rainford and laid floral tribute at the non-aligned monument in Georgetown.

HERRENBERG ON GOVERNMENT DEMOCRACY PLANS

FL221730 Bridgetown CANA in English 1602 GMT 22 Nov 86

[Text] Paramaribo, Suriname, Nov 22, CANA -- A government plan to transform Suriname into a democratic state should be completed by April 1, according to Foreign Minister Henk Herrenberg. He told a new conference here the transition should be smooth and that the Surinamese people would get the opportunity to decide on a new draft constitution by way of a referendum.

In 1980 Surinamese soldiers ousted the government and suspended the Consititution, promising a new democracy. But Army strongman Desi Bouterse has admitted the plan has been adversely affected by political unrest -- including a number of coup attempts.

Herrenberg said the United States, France, and Holland were behind a campaign to destabilise the former Dutch colony and overthrow the government. He also complained to destabilise the former Dutch colony and overthrow the government. He also complained that the Dutch press was waging psychological warfare with the Suriname Government, making up stories about Suriname. He said this serves only to confuse the Surinamese and the Dutch people and the international community about what was really going on in Suriname.

CHINESE TEAM CONCLUDES TALKS ON LOAN USE

FL1212019 Bridgetown CANA in English 1857 GMT 21 Nov 86

[Text] Paramaribo, Suriname, Nov 21, CANA -- A Chinese team has concluded talks in Paramaribo with a Suriname delegation on ways of spending a ten million guilder (one g -- 57 cents U.S.) Chinese loan to the South American country, officials here reported.

They said the money is to be spent mainly in the agriculture sector -- on the production of fresh water shrimps for export, a project involving the processing of local fruits and vegetables as well as the development of the palm oil industy. The two delegations also discussed the possibilities of joint ventures between Suriname and China.